

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF ORANGE CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Prepared by the
Office of the City Administrator
Duane Feekes, City Administrator

**CITY OF ORANGE CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1 – 4
Organization Chart	5
Directory of City Officials	6
Appointed Boards and Commissions	7
City Personnel.....	8
Certificate of Achievement	9 – 10

FINANCIAL SECTION

Independent Auditors' Report.....	11 – 12
Management's Discussion and Analysis	13 – 25

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets	26
Statement of Activities	27 – 28

FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Balance Sheet.....	29 – 30
Reconciliation of the Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures and Changes in Fund Balances	32 – 33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.....	34

Proprietary Funds Financial Statements

Combining Statement of Net Assets	35 – 36
Combining Statement of Revenues, Expenses and Changes in Net Assets	37 – 38
Combining Statement of Cash Flows	39 – 42

Fiduciary Funds Financial Statements

Statement of Fiduciary Net Assets	43
---	----

Notes to Financial Statements	44 – 65
-------------------------------------	---------

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual, All Governmental and Proprietary Funds – GAAP Basis	66 – 67
Notes to Required Supplementary Information	68
OPEB Schedule of Funding Progress	69

**CITY OF ORANGE CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS**

FINANCIAL SECTION – (CONTINUED)

	Page
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet.....	70 – 71
Statement of Revenues, Expenditures and Changes in Fund Balances	72 – 73
Fiduciary Funds Combining Financial Statements	
Statement of Net Assets	74
Statement of Changes in Assets and Liabilities	75

STATISTICAL SECTION

Net Assets by Component.....	76
Changes in Net Assets.....	77 - 78
Governmental Activities Tax Revenue by Source.....	79
Fund Balances of Governmental Funds	80
Changes in Fund Balances of Governmental Funds	81
Assessed Value and Estimated Actual Value of Taxable Property	82
Property Tax Rates Direct and Overlapping Government	83
Principal Property Tax Payers.....	84
Property Tax Levy and Collections.....	85
Ratios of Outstanding Debt by Type.....	86
Ratios of General Bonded Debt Outstanding	87
Direct and Overlapping Governmental Activities Debt.....	88
Legal Debt Margin Information	89
Pledged Revenue Coverage	90 - 91
Principal Employers	92
Full-Time Equivalent City Government Employees by Function	93
Operating Indicators by Functional Program	94
Capital Asset Statistics by Function/Program.....	95
Demographic and Economic Statistics	96
Independent Auditors' Report on Compliance and on Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97 – 98
Schedule of Findings	99 – 100



December 23, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Orange City:

State law requires the every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

William's & Company, Certified Public Accountants, have issued an unqualified "clean" opinion on the City of Orange City's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Orange City incorporated in 1884, is located in the Northwest corner of the State of Iowa, and is the county seat of Sioux County. The City of Orange City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Orange City operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and five Council members. The Council appoints the government's administrator, who in turn appoints the heads of the various departments with council approval. Council members serve four-year terms. The mayor is elected for a two-year term. The council members are elected on a staggered basis.

-1-

"A GOVERNMENT OF SERVICE"

The City Administrator has operating responsibilities for all City functions excluding the Library and Hospital.

The City of Orange City provides a full range of Municipal services which includes police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; general administration and medical care facilities. The City of Orange City also owns and operates the electric, water, sewer, and gas utilities. The City of Orange City also is financially accountable for a legally separate hospital board of which is reported separately within the City of Orange City's financial statements. Additional information on hospital can be found in the notes to the financial statements.

The Council is required to adopt a final budget by no later than March 15th. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level not at the fund level.

Local Economy

Orange City is located in Sioux County in the northwest portion of Iowa, which is noted for its excellent cropland and livestock production numbers. Industry plays a big part in Orange City's economic condition with the biggest three employers being Staples, Inc., an advertising product manufacturer and promotional products, Advance Brands, Inc., a ready-to-cook food producer, and Diamond Vogel Paint and Wax, a full line paint manufacturer.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment.

Fiscal year 2008-2009 was another great year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

The City designed a downtown streetscape project for this fiscal year. It is made up of five blocks of our downtown streets. We removed the asphalt and replaced with concrete. We also included in the project new street light poles and fixtures, new Christmas decorations, a new sound system, and flower pots attached to the street light poles. This project cost approximately \$ 1.4 million dollars.

The City constructed a new electric transmission line which is 1.67 miles long and rated at 69 kV. The city is currently served via a single 69 kV source from our west. We were experiencing some transmission line outages and we felt we needed to develop a need for a second 69 kV electrical source. This transmission line will be fed into our community from the south. This project will provide a dual electric source for our citizens, which will provide better reliability of our electric utility.

The city experienced a huge disaster on June 28, 2008. A fire broke out in our downtown district. It destroyed a quarter of a city square block. It destroyed a Hallmark Gift shop, and a clothing store. We plan on rebuilding the area. We will have future developments to share with you in the next financial report.

The City of Orange City plays an important part in the community growth, which will continue with active participation in the planning process of our community.

Long-Term financial planning

Management of the City of Orange City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Unreserved, undesignated fund balance in the general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 44 and 50 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.

Awards and Acknowledgements


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its comprehensive annual financial report (CAFR) the year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.


In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Orange City has received a Certificate of Achievement for the last 26 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire office staff. We wish to express our appreciation also to all our City employees for their dedication to making city services the best. Credit also must be given to the Honorable Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Orange City's finances.

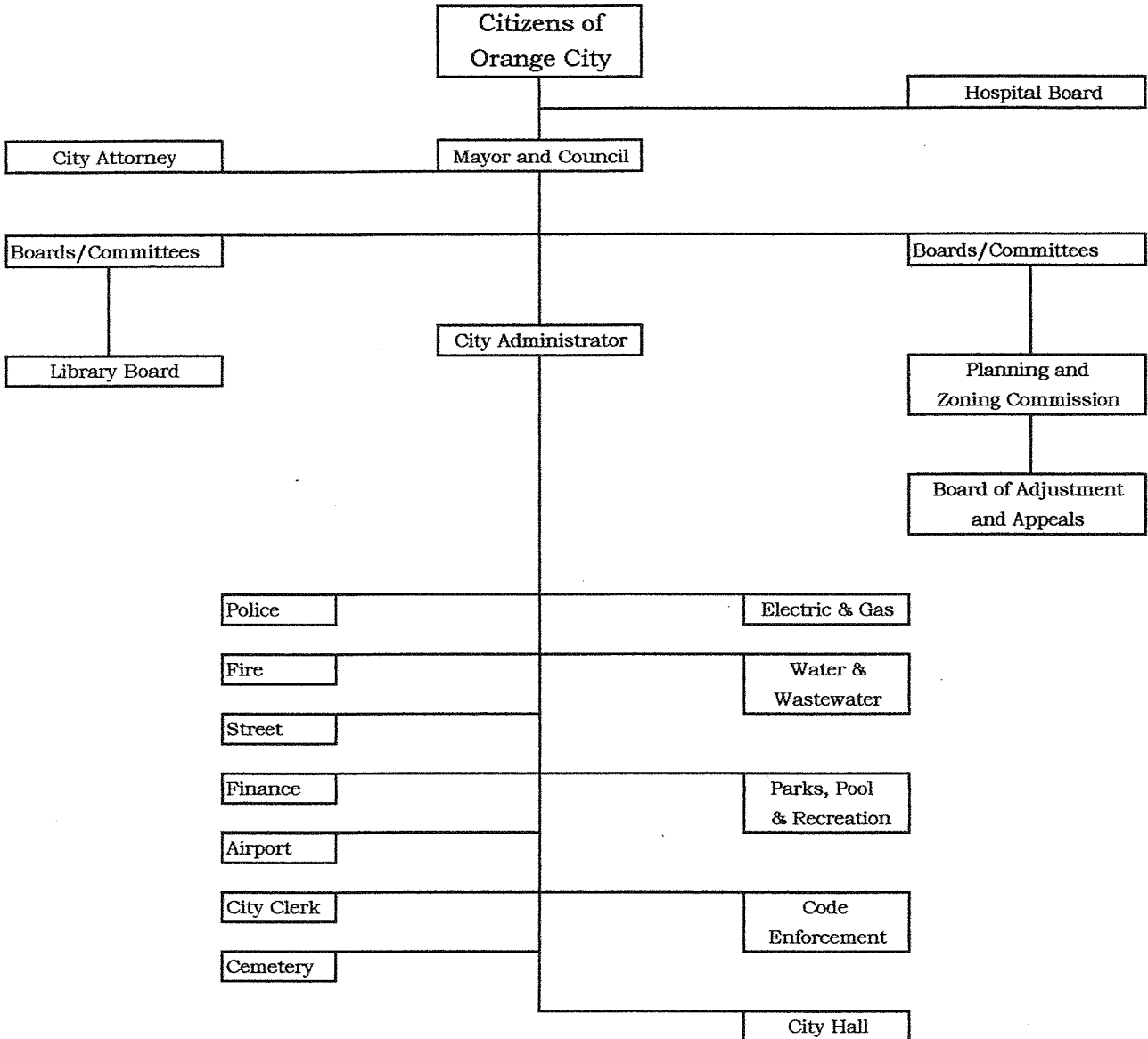
Respectfully submitted,


Duane Feekes
City Administrator


Kent Anderson
Finance Officer

CITY OF ORANGE CITY, IOWA

ORGANIZATIONAL CHART



DIRECTORY OF CITY OFFICIALS

ELECTED CITY OFFICERS

MAYOR

Daryl Beltman

COUNCIL MEMBERS

Bonnie Meier
Bruce Muilenburg
Steve Roesner
Mick Snieder
Earl Woudstra

HOSPITAL TRUSTEES

Tim Zeutenhorst, Chairman
Randy Jacobsma, Vice Chairman
Les Douma, Secretary
Russ Adams
Brenda Herda
Gary Vande Vegte
Shirley Van Wechel

APPOINTED CITY OFFICERS

Duane Feekes
City Administrator

Loren Veldhuizen
City Attorney

APPOINTED BOARDS AND COMMISSIONS

ZONING BOARD OF APPEALS

Gary Cleveringa, Chairman
John Kooiman, Vice-Chairman
Jason Bomgaars
Audley Van Peurse
Ben Van Engelenhoven

PLANNING AND ZONING COMMISSION

Mark Lundberg, Chairman
Scott Heemstra
Rhonda Moret
Dale Pluim, Vice-Chairman
Scott Simmelink
Marlin Vollink
Amy Schutt

ARTS COUNCIL

Coleman McAllister, President
Keith Allen, Secretary
Mike Stokes, Treasurer
Greg Haverdink
Lynnette Schuller
Julia Huisman
Bob Hubbard
Mary Reinders
Phillip Scorza
Shelia Van Den Brink
Cheryl Kugler
Judy Thompson
Janine Calsbeek, Executive Director

LIBRARY BOARD OF DIRECTORS

Coleman McAllister, President
Bruce Lefever, Vice President
John Buntsma, Treasurer
Dale Pluim, Secretary
Joan Brower
Elizabeth Kensak
Mabel Mantel

FIRE DEPARTMENT

Steve Brouwer
Jason Bruinsma
Rob Bruxvoort
Arnie Carlson
Kevin Dekker
Brian De Kock
Jon DeKoster
Brad De Vos
Steve Distler
David Dykstra
Josh Dykstra
Michael Dykstra
Mel Elsberry
Chad Hase
Tim Huffman
Al Jeltima
Gary Jeltima
Ann Lundberg
Josh Meis
Mike Ritz
Dan Roghair
Dan Schram
Bruce Schutt
Dennis Vander Wel, Chief
Brent Van Leeuwen

CITY PERSONNEL

ADMINISTRATION

Kent Anderson
Gary Blythe
Janet Brown
Duane Feekes
Ted Loucks
Ken Meendering
Barb Ramsey
Mary Wichers

Finance Officer
Assistant Administrator
City Clerk
City Administrator
Public Works Director
Code Officer
Billing Clerk
Receptionist/Secretary

POLICE DEPARTMENT

Dann De Vries
Peter De Beer
Duane Hulstein
Bruce Jacobsma
Jim Pottebaum
Wesley Van Voorst
Robert Van Zee

Chief of Police
Police Officer
Police Officer
Police Officer
Police Officer
Police Officer
Police Officer

STREET DEPARTMENT

Luke Horkey
Don Snieder
Randy Van De Griend

Street Crewman
Street Crewman/Mechanic
Street Foreman

PARKS AND RECREATION

Mitch Aalbers
Brian Goslinga
Rochelle Sapp

Director
Park Maintenance
Pool/Fitness Director

MUNICIPAL BUILDINGS

Bill Van Marel Jr.

Custodian

UTILITIES

Alan De Boer
Kirk Maasdam
Michael Klootwyk
Jerry Reuvers
Arlan Scholten
David Sassman
Michael Verdoorn
Alan DeJong
Gerry Bomgaars
Ed DeJong

Electric Line Maintenance Worker I
Water & Wastewater Operator
Electric Line Maintenance Worker II
Water & Wastewater Operator
Electric Department Foreman
Water & Wastewater Foreman
Electric Line Maintenance Worker I
Electric Line Maintenance Worker I
Gas Utility Foreman
Gas Utility Crewman

AIRPORT

Dan Vander Weide

Base Operator

HOSPITAL

Martin W. Guthmiller
Dina Baas

Administrator
Chief Financial Officer

LIBRARY

Karla Chase

Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orange City
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Orange City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ORANGE CITY, IOWA (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We did not audit the financial statements of the Orange City Municipal Hospital, (a discretely presented component unit), which statements reflect total assets of \$53,972,657 and total program revenues of \$34,585,780 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Municipal Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, OPEB Schedule of Funding Progress and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of the City of Orange City, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Orange City, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 23, 2009

Management's Discussion and Analysis

June 30, 2009

This discussion and analysis of the City of Orange City financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2009. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Orange City's Hospital, a discretely presented component unit of the City.

Financial Highlights

- The assets of the City of Orange City exceeded liabilities at June 30, 2009 by \$28,784,440. Of this amount, \$4,708,780 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets decreased by \$84,521 during the year. Of this amount, the governmental activities increased by \$246,045 from current operations but decreased by \$1,034,384 due to a prior period adjustment and the net assets of our business type activities increased \$703,818.
- The City's long-term debt decreased \$1,360,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by the private sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by the private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works, and Parks departments, and general administration. Property Taxes finances most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Electric, Water, Sewer, and Natural Gas funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2009 and 2008.

	General Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
Current and Other Assets	\$ 5,530,323	\$ 4,788,257	\$ 8,637,523	\$ 8,911,061
Capital Assets	16,897,982	15,695,100	17,677,649	17,534,620
Total Assets	22,428,305	20,483,357	26,156,047	26,445,681
Long-Term Liabilities Outstanding	8,660,875	8,602,153	6,624,927	6,633,778
Other Liabilities	3,161,851	2,063,964	1,426,863	844,703
Total Liabilities	11,822,726	10,666,117	8,051,790	7,478,481
Net Assets:				
Invested in Capital Assets, Net of Related Debt	11,563,418	10,910,100	10,657,299	10,959,620
Restricted	96,313	1,101,603	1,212,682	1,103,948
Unrestricted	(1,054,152)	(2,194,463)	6,393,401	6,903,632
Total Net Assets	\$ 10,605,579	\$ 9,817,240	\$ 18,263,382	\$ 18,967,200

	Totals	
	2008	2009
Current and Other Assets	\$14,167,846	\$13,699,318
Capital Assets	34,875,631	33,229,720
Total Assets	48,743,477	46,929,038
Long-Term Liabilities Outstanding	15,285,802	15,235,931
Other Liabilities	4,588,714	2,908,667
Total Liabilities	19,874,516	18,144,598
Net Assets:		
Invested in Capital Assets, Net of Related Debt	22,220,717	21,869,720
Restricted	1,308,995	2,205,551
Unrestricted	5,339,249	4,709,169
Total Net Assets	\$28,868,961	\$28,784,440

This summary reflects a decrease of 7.4% for the governmental net assets and an increase of 3.85% in the business-type net assets. The governmental net asset decrease is primarily due to a prior period adjustment to reclass the daycare center construction in progress.

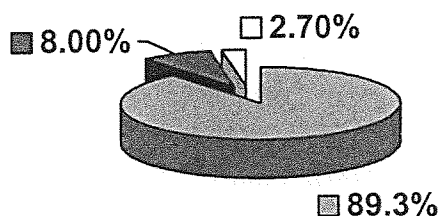
Total revenue reported in Fiscal 2009 was \$17,701,895. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2008 and 2009:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
Program Revenues:				
Charges for Services	\$ 395,664	\$ 488,586	\$ 11,910,551	\$ 12,075,539
Operating Grants and Contributions	619,533	1,129,518	-	-
Capital Grants and Contributions	853,361	361,549	-	-
Total Program Revenues	<u>1,868,558</u>	<u>1,979,653</u>	<u>11,910,551</u>	<u>12,075,539</u>
General Revenues & Interfund Transfers:				
Property Taxes	2,511,016	2,671,193	-	-
Local Option Sales Tax	607,761	642,603	-	-
Interest	93,735	28,217	172,553	63,023
Gain (Loss) on Sales of Assets	-	3,000	-	-
Miscellaneous	926,494	189,587	34,220	49,080
Total General Revenues	<u>4,139,006</u>	<u>3,534,600</u>	<u>206,773</u>	<u>112,103</u>
Interfund Transfers	243,448	319,120	(243,448)	(319,120)
Total General Revenues & Interfund Transfers:	<u>4,382,454</u>	<u>3,853,720</u>	<u>(36,675)</u>	<u>(207,017)</u>
Total Revenues & Interfund Transfers:	<u>\$ 6,251,012</u>	<u>\$ 5,833,373</u>	<u>\$ 11,873,876</u>	<u>\$ 11,868,522</u>

Revenue Source	Totals	
	2008	2009
Program Revenues:		
Charges for Services	\$ 12,306,215	\$ 12,564,125
Operating Grants and Contributions	619,533	1,129,518
Capital Grants and Contributions	853,361	361,549
Total Program Revenues	<u>13,779,109</u>	<u>14,055,192</u>
General Revenues & Interfund Transfers:		
Property Taxes	2,511,016	2,671,193
Local Option Sales Tax	607,761	642,603
Interest	266,288	91,240
Gain (Loss) on Sales of Assets	-	3,000
Miscellaneous	960,714	238,667
Total General Revenues	<u>4,345,779</u>	<u>3,646,703</u>
Interfund Transfers	-	-
Total General Revenues & Interfund Transfers:	<u>4,345,779</u>	<u>3,646,703</u>
Total Revenues & Interfund Transfers:	<u>\$ 18,124,888</u>	<u>\$ 17,701,895</u>

Program revenues totaled \$14,055,192 for fiscal year 2009. Governmental Activities provided \$1,979,653 and Business-Type Activities provided \$12,075,539. Revenue collected for Charges for Services during fiscal year 2009 was \$12,564,125, accounting for 89.3% of the total program revenues. The following chart breaks down program revenues by source:

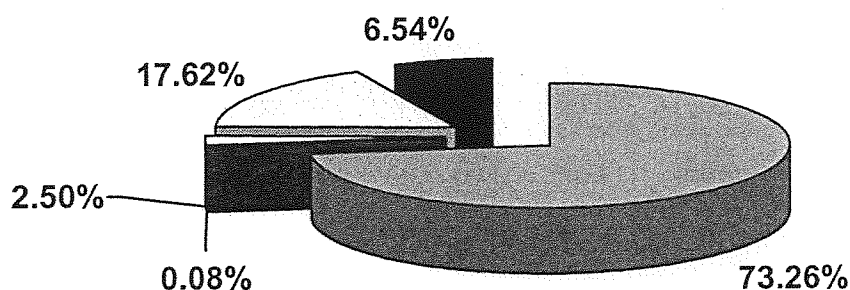
Program Revenues



- Program Revenue 89.30%
- Operating Grants and Contributions 8.00%
- Capital Grants and Contributions 2.70%

General Revenues for fiscal year 2009 totaled \$3,646,703. Governmental Activities provided \$3,534,600 and Business-Type Activities provided \$112,103. Property Tax Revenues for fiscal year 2009 totaled \$2,671,193, accounting for 73.2% of General Revenues. The following chart breaks down General Revenues by source:

General Revenues



- Taxes 73.26%
- Gain on Sale of Assets .08%
- Interest 2.50%
- Local Option Sales Tax 17.62%
- Miscellaneous 6.54%

Expenses for Fiscal 2009 totaled \$ 16,752,032. Expenses for General Governmental Activities totaled \$ 5,587,328, accounting for 33% of total expenditures. Business-Type Activity expenditures totaled \$ 11,164,704, for 67% of the total.

The following table shows total expenditures by Function/Program for FY 2008 and FY 2009:

	General Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
Public Safety	\$ 717,219	\$ 767,486	-	-
Public Works	1,922,753	1,842,509	-	-
Culture and Recreation	1,218,886	1,702,991	-	-
Community & Economic Development	338,867	418,230	-	-
General Government	560,630	451,379	-	-
Capital Projects	31,062	-	-	-
Debt Service	339,423	404,733	-	-
Sewer System	-	-	\$ 490,251	\$ 477,046
Water System	-	-	754,465	762,179
Electric System	-	-	5,496,756	6,170,727
Natural Gas System	-	-	4,360,806	3,754,752
Total Expenditures	<u>\$ 5,128,840</u>	<u>\$ 5,587,328</u>	<u>\$11,102,278</u>	<u>\$11,164,704</u>

	Totals	
	2008	2009
Public Safety	\$ 717,219	\$ 767,486
Public Works	1,922,753	1,842,509
Culture and Recreation	1,218,886	1,702,991
Community & Economic Development	338,867	418,230
General Government	560,630	451,379
Capital Projects	31,062	-
Debt Service	339,423	404,733
Sewer System	490,251	477,046
Water System	754,465	762,179
Electric System	5,496,756	6,170,727
Natural Gas System	4,360,806	3,754,752
Total Expenditures	<u>\$ 16,231,118</u>	<u>\$16,752,032</u>

The following table shows the net change in net assets for FY2008 and FY2009:

	General Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Total Program Revenues	\$1,868,558	\$1,979,653	\$ 11,910,551	\$ 12,075,539	\$ 13,779,109	\$ 14,055,192
Total General Revenues	4,139,006	3,534,600	206,773	112,103	4,345,779	3,646,703
Less Expenses	(5,128,840)	(5,587,328)	(11,102,278)	(11,164,704)	(16,231,118)	(16,752,032)
Net Change in Net Assets						
Before Transfers	878,724	(73,075)	1,015,046	1,022,938	1,893,770	949,863
Transfers	243,448	319,120	(243,448)	(319,120)	-	-
Net Change in Net Assets	<u>\$1,122,172</u>	<u>\$ 246,045</u>	<u>\$ 771,598</u>	<u>\$ 703,818</u>	<u>\$ 1,893,770</u>	<u>\$ 949,863</u>

The following table shows the activities included within each program level:

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning and Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the Waste Water Treatment Plant/Supply Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Electric System	Operation of Electric Plant/Supply Distribution System
Natural Gas System	Operation of Natural Gas Plant/Supply Distribution System

Governmental of Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$767,486 and received \$292,882 in revenue, thus leaving a cost to the taxpayer of \$474,604 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent, Special Assessments
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$5,587,328. Of these costs, \$488,586 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions was \$1,491,067, leaving a Net Expense of \$3,607,675 for Governmental Activities. These expenses were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2008	2009
Governmental Activities:		
Public Safety	\$ (608,176)	\$ (474,604)
Public Works	(375,147)	(1,154,501)
Culture and Recreation	(1,032,612)	(1,458,360)
Community and Economic Development	(321,781)	(398,479)
General Government	(552,081)	(78,547)
Capital Projects	(31,062)	361,549
Debt Service	(339,423)	(404,733)
Total Net (Expense) Revenue Governmental Activities	(3,260,282)	(3,607,675)
General Revenues & Interfund Transfers	4,382,454	3,853,720
Change in Net Assets	\$ 1,122,172	\$ 246,045

Total resources available during the year to finance governmental operations were \$14,282,396, consisting of Net Assets at July 1, 2008 of \$8,449,023, Program Revenues of \$1,979,653 and General Revenues and Transfers of \$3,853,720. Total Governmental Activities during the year expended \$5,587,328; thus, Net Assets were increased by \$246,045 to \$9,817,240.

Business Type Activities

Business Type Activities increased the City's net assets by \$703,818.

The cost of all Proprietary Activities this year was \$11,164,704. As shown in the Statement of Activities, the amounts paid by users of the systems was \$12,075,539, resulting in total Net Revenue for Business Type Activities of \$910,835. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2008	2009
Electric System	\$ 514,152	\$ 472,162
Water System	50,686	56,014
Sewer System	44,940	152,098
Natural Gas System	198,495	230,561
Total Net Revenue Business-Type Activities	808,273	910,835
General Revenues & Interfund Transfers	(36,675)	(207,017)
Change in Net Assets	\$ 771,598	\$ 703,818

Total resources available during the year to finance Proprietary Fund activities were \$30,131,904, consisting of Net Assets at July 1, 2008 of \$18,263,382, Program Revenues of \$12,075,539 and General Revenues and Transfers of \$(207,017). Total Proprietary Fund Activities during the year expended \$11,164,704; thus Net Assets were increased by \$703,818 to \$18,967,200.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$1,773,307. The combined Governmental Funds balance decreased \$360,798 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General fund by \$128,204.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, expenditures exceeded revenues by \$17,188.

The Local Option Sales Tax Fund is used to account for the collection and disbursement of local option sales tax dollars to be used for property tax replacement and therefore transferred to the general fund.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt.

General Budgetary Highlights

Comparing the fiscal year 2009 original (adopted) city wide amount of \$51,851,172 to the final budget amount of \$57,010,172 shows a net increase of \$5,159,000.

The following table shows the government wide budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 895,031	\$ 882,662	\$ 12,369
Public Works	1,208,450	1,055,055	153,395
Culture and Recreation	1,093,242	513,652	579,590
Community and Economic Development	410,374	418,465	(8,091)
General Government	482,259	428,584	53,670
Capital Projects	1,589,360	1,696,811	(107,451)
Debt Service	1,214,888	1,209,001	5,887
Business Type Activities	50,116,573	46,599,581	3,516,992

During the year there was a \$5,159,000 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$195,000 supplemental appropriation to fire department for a new tanker truck and thermal imaging camera.
- \$313,500 supplemental appropriation to the airport for a new tractor snowblower and a new snowplow truck.
- \$22,500 supplemental appropriation to the fitness center for exercise equipment and a new entrance sign.
- \$3,000 supplemental appropriation to our City Hall department for health insurance costs.
- \$4,625,000 supplemental appropriation to our municipal hospital for under budgeting their operations for the year.

A part of the increase was possible because of additional revenues. Those revenues included a FEMA grant for the tanker truck, FAA grant for the two pieces of snow equipment for the airport, additional members to our fitness center, additional patient revenue from the hospital. The rest of the appropriations were paid with the fund balance from the general fund.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2009, was \$21,869,720 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2009 are as follows:

	General Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
Infrastructure				
Buildings	\$ 311,263	\$ 84,400		
Improvements-Other than Buildings	112,880	301,425		\$ 45,028
Equipment	477,138	1,053,883	\$ 94,174	1,331,096
Utility Plant	-	404,509	794,079	586,920
Construction in Progress	1,768,368	717,695	207,103	-
Total Gross Additions	\$ 2,669,649	\$ 2,561,912	\$ 1,095,356	\$ 1,963,044

	Totals	
	2008	2009
Infrastructure		\$ 84,400
Buildings	\$ 311,263	301,425
Improvements-Other Buildings	112,880	1,098,911
Equipment	571,312	1,735,605
Utility Plant	794,079	586,920
Construction in Progress	1,975,471	717,695
Total Expenditures	\$3,765,005	\$ 4,524,956

Construction In Progress at June 30, 2009 for governmental activities consisted of costs associated with Park Improvements, Downtown Streetscape, Puddlejumper 4th Addition, and Airport Improvements.

See Note 6 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At year-end the City had \$14,360,000 of debt outstanding. Of this amount, \$ 7,785,000 comprises debt backed by the full faith and credit of the government. The remainder of \$6,575,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 75% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the total assessed value of all taxable property in the community. Thus, our debt capacity is \$13,817,547. With outstanding General Obligation Debt applicable to this limit of \$7,785,000, we are utilizing 56.3% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

The City of Orange City worked hard in FY 2009 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow.

New housing developments in the city include private development, including water, sewer and paving improvements. The City has worked to market the new industrial park located in the south end of town. The City is looking forward to new industry coming to the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kent Anderson at 712-707-4885.

CITY OF ORANGE CITY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Orange City Municipal Hospital
	Activities	Activities		
ASSETS				
Cash and Cash Equivalents	\$ 1,014,148	\$ 433,140	\$ 1,447,288	\$ 6,557,402
Investments	1,294,000	2,546,500	3,840,500	4,239,043
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	29,977	863,411	893,388	4,373,611
Taxes	6,969	-	6,969	
Subsequent Year Taxes	2,380,574	-	2,380,574	
Accrued Interest	1,923	8,468	10,391	20,236
Other	-	12,386	12,386	
Estimated Unbilled Usage	-	356,612	356,612	
Special Assessments	61,471	-	61,471	
Pledges Receivable	-	69,809	69,809	
Notes Receivable	-	172,013	172,013	
Interfund Balances	(546,386)	546,386	-	
Due from Other Governmental Agencies	346,230	-	346,230	
Inventories	14,015	503,332	517,347	559,333
Prepaid Assets	70,018	45,759	115,777	89,349
Investment in Joint Venture		2,101,666	2,101,666	
Other	-	-	-	186,581
Restricted Assets, Cash and Investments:				
Cash and Cash Equivalents	-	389	389	2,957,304
Revenue Bond Current Debt Service Account - Investment	-	352,500	352,500	
Revenue Bond Future Debt Service Account - Investment	-	821,000	821,000	
Pledges Receivable	-	-	-	41,313
Bond Issue Costs	115,318	77,690	193,008	72,467
Land	759,438	339,916	1,099,354	1,139,373
Construction in Progress	2,303,702	-	2,303,702	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 6)	12,631,960	17,194,704	29,826,664	33,736,645
Total Assets	20,483,357	26,445,681	46,929,038	53,972,657
LIABILITIES				
Accounts Payable	342,418	672,404	1,014,822	817,578
Accrued Wages	54,879	45,324	100,203	2,374,078
Accrued Expenses	2,193	29,768	31,961	145,207
Customer Deposits	-	27,655	27,655	
Deferred Revenue - Subsequent Year Taxes	2,380,574	-	2,380,574	
Accrued Interest	34,320	-	34,320	
Payables from Restricted Assets:				
Accrued Interest	-	69,552	69,552	447,941
Revenue Bonds - Current	-	490,000	490,000	667,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	835,000	-	835,000	
Compensated Absences and Benefits	59,153	54,514	113,667	
Due in more than one year:				
Notes Payable	-	-	-	
Revenue Bonds Payable	-	6,085,000	6,085,000	25,359,083
General Obligation Bonds	6,950,000	-	6,950,000	
Total Liabilities	10,666,117	7,478,481	18,144,598	29,826,887
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	10,910,100	10,959,620	21,869,720	8,849,935
Restricted for:				
Debt Service	14,701	1,104,337	1,119,038	2,501,343
Permanent Funds - nonexpendable	79,000	-	79,000	
Specific Revenues	1,007,902	-	1,007,902	
Donor Restrictions	-	-	-	59,333
Unrestricted	(2,194,463)	6,903,243	4,708,780	12,735,159
Total Net Assets	\$ 9,817,240	\$ 18,967,200	\$ 28,784,440	\$ 24,145,770

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 767,486	\$ 10,934	\$ 281,948	\$ -
Public Works	1,842,509	224,791	463,217	-
Culture and Recreation	1,702,991	202,769	41,862	-
Community and Economic Development	418,230	19,751	-	-
General Government	451,379	30,341	342,491	-
Capital Projects	-	-	-	361,549
Debt Service	404,733	-	-	-
Total governmental activities	<u>5,587,328</u>	<u>488,586</u>	<u>1,129,518</u>	<u>361,549</u>
Business-Type Activities:				
Electric Utility	6,170,727	6,642,889	-	-
Water Utility	762,179	818,193	-	-
Sewer Utility	477,046	629,144	-	-
Gas Utility	3,754,752	3,985,313	-	-
Total Business-Type Activities:	<u>11,164,704</u>	<u>12,075,539</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 16,752,032</u>	<u>\$ 12,564,125</u>	<u>\$ 1,129,518</u>	<u>\$ 361,549</u>
Component Unit:				
Orange City Municipal Hospital	<u>\$ 35,434,877</u>	<u>\$ 34,070,976</u>	<u>\$ 514,804</u>	

General Revenues:
Property taxes
Local Option Sales Tax
Hotel Motel Tax
Interest
Gain on Sale of Assets
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior Period Adjustment
Net Assets - beginning as restated
Net assets - ending

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets			Component Unit Orange City Municipal Hospital
Governmental Activities	Business-Type Activities	Total	
\$ (474,604)		\$ (474,604)	
(1,154,501)		(1,154,501)	
(1,458,360)		(1,458,360)	
(398,479)		(398,479)	
(78,547)		(78,547)	
361,549		361,549	
(404,733)		(404,733)	
<u>(3,607,675)</u>		<u>(3,607,675)</u>	
	\$ 472,162	472,162	
	56,014	56,014	
	152,098	152,098	
	230,561	230,561	
	<u>910,835</u>	<u>910,835</u>	
<u>(3,607,675)</u>	<u>910,835</u>	<u>(2,696,840)</u>	
			\$ (849,097)
2,671,193	-	2,671,193	
610,329	-	610,329	
32,274	-	32,274	
28,217	63,023	91,240	164,016
3,000	-	3,000	
189,587	49,080	238,667	(5,929)
319,120	(319,120)	-	
<u>3,853,720</u>	<u>(207,017)</u>	<u>3,646,703</u>	<u>158,087</u>
<u>246,045</u>	<u>703,818</u>	<u>949,863</u>	<u>(691,010)</u>
10,605,579	18,263,382	28,868,961	24,836,780
(1,034,384)	-	(1,034,384)	-
<u>9,571,195</u>	<u>18,263,382</u>	<u>27,834,577</u>	<u>24,836,780</u>
<u>\$ 9,817,240</u>	<u>\$ 18,967,200</u>	<u>\$ 28,784,440</u>	<u>\$ 24,145,770</u>

CITY OF ORANGE CITY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2009

	General	Road Use Tax	Local Option Sales Tax
Assets			
Cash and Pooled Investments	\$ 425,710	\$ 234,674	\$ 96,985
Investments	765,000	-	450,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	29,977	-	-
Taxes	3,787	-	-
Subsequent Year Taxes	1,132,879	-	-
Accrued Interest	1,457	-	466
Special Assessments	61,471	-	-
Due from Other Governmental Agencies	187,867	37,835	90,993
Inventories	-	14,015	-
Total Assets	<u>2,608,148</u>	<u>286,524</u>	<u>638,444</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	174,782	-	-
Accrued Wages	54,879	-	-
Accrued Expenses	2,193	-	-
Due to Other Funds	175,000	-	-
Deferred Revenue	49,550	-	-
Deferred Revenue - Subsequent Year Taxes	1,132,879	-	-
Total Liabilities	<u>1,589,283</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Perpetual Care	-	-	-
Inventories	-	14,015	-
Unreserved			
Special Revenue Funds	-	272,509	638,444
Capital Project Funds	-	-	-
General Fund	1,018,865	-	-
Total Fund Balances (Deficits)	<u>1,018,865</u>	<u>286,524</u>	<u>638,444</u>
Total Liabilities and Equity	<u>\$ 2,608,148</u>	<u>\$ 286,524</u>	<u>\$ 638,444</u>

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 45,839	\$ 210,940	\$ 1,014,148
-	79,000	1,294,000
-	-	29,977
3,182	-	6,969
992,695	255,000	2,380,574
-	-	1,923
-	-	61,471
-	29,535	346,230
-	-	14,015
1,041,716	574,475	5,149,307

-	167,636	342,418
-	-	54,879
-	-	2,193
-	371,386	546,386
-	-	49,550
992,695	255,000	2,380,574
992,695	794,022	3,376,000

49,021	-	49,021
-	79,000	79,000
-	-	14,015
-	82,934	993,887
-	(381,481)	(381,481)
-	-	1,018,865
49,021	(219,547)	1,773,307
\$ 1,041,716	\$ 574,475	\$ 5,149,307

CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 30)	\$ 1,773,307
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,695,100
Deferred revenues that provide current financial resources for governmental activities	49,550
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(34,320)
Accrued compensated absences and other post employment benefits not reported on the modified accrual basis	(66,733)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	115,318
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	70,018
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,785,000)</u>
Total Net Assets - Governmental Activities (page 26)	<u>\$ 9,817,240</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2009

	General	Road Use Tax	Local Option Sales Tax
Revenue:			
Taxes	\$ 1,065,877	\$ -	\$ -
Licenses and Permits	3,859	-	-
Intergovernmental	666,301	463,217	-
Charges for Services	434,216	-	-
Fines and Forfeits	25,239	-	-
Contributions from Property Owners	6,788	-	-
TIF Revenue	338,653	-	-
Local Option Sales Tax	32,274	-	610,329
Proceeds from Sale of Real Estate	-	-	-
Interest on Investments	13,043	-	1,532
Miscellaneous	123,133	-	-
Total Revenue	<u>2,709,383</u>	<u>463,217</u>	<u>611,861</u>
Expenditures:			
Public Safety	882,662	-	-
Public Works	1,002,617	1,005	-
Culture and Recreation	1,002,884	-	-
Community and Economic Development	418,465	-	-
General Government	428,584	-	-
Capital Projects	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	<u>3,735,212</u>	<u>1,005</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,025,829)</u>	<u>462,212</u>	<u>611,861</u>
Other financing sources (uses):			
Transfers In	1,329,450	-	-
Transfers Out	(431,825)	(479,400)	(588,371)
Total other financing sources (uses)	<u>897,625</u>	<u>(479,400)</u>	<u>(588,371)</u>
Net Change in Fund Balance	(128,204)	(17,188)	23,490
Fund balances (Deficits)-beginning of year	1,147,069	303,712	614,954
Fund balances (Deficits)- end of year	<u>\$ 1,018,865</u>	<u>\$ 286,524</u>	<u>\$ 638,444</u>

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,048,352	\$ -	\$ 2,114,229
-	-	3,859
-	361,549	1,491,067
-	-	434,216
-	-	25,239
-	-	6,788
-	228,370	567,023
-	-	642,603
-	3,000	3,000
7,986	7,206	29,767
-	83,388	206,521
1,056,338	683,513	5,524,312
-	-	882,662
-	51,433	1,055,055
-	-	1,002,884
-	-	418,465
-	-	428,584
-	1,207,579	1,207,579
705,000	120,000	825,000
349,886	34,115	384,001
1,054,886	1,413,127	6,204,230
1,452	(729,614)	(679,918)
-	756,312	2,085,762
-	(267,046)	(1,766,642)
-	489,266	319,120
1,452	(240,348)	(360,798)
47,569	20,801	2,134,105
\$ 49,021	\$ (219,547)	\$ 1,773,307

CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 33)	\$ (360,798)
--	--------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay in the current year as follows:

Expenditures for capital assets	\$ 1,202,706	
Depreciation expense	<u>(1,371,204)</u>	(168,498)

Revenues reported in the funds that are not available to provide current financial resources	(10,059)
--	----------

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources	(3,010)
---	---------

Accrued interest expense that does not require current financial resources	(5,614)
--	---------

Long-term accrual of compensated absences and post employment benefits are not reported in the governmental funds as it does not consume current financial resources. The net change is in the long-term compensated absences for the year was:	(15,858)
---	----------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities	(15,118)
---	----------

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>825,000</u>
---	----------------

Change in net assets of governmental activities (page 28)	<u>\$ 246,045</u>
---	-------------------

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2009

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,928	\$ 90,294	\$ 136,539
Investments	1,521,500	275,000	350,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	617,986	81,988	48,515
Accrued Interest	5,179	1,066	1,511
Other	6,110	1,438	1,063
Estimated Unbilled Usage	273,258	28,665	17,869
Pledges Receivable	-	-	69,809
TIF Receivable	124,211	-	47,802
Due from Other Funds	175,000	353,300	144,146
Inventories	457,213	17,294	-
Prepaid Assets	19,799	11,657	8,108
Total Current Assets	3,203,184	860,702	825,362
Non Current Assets			
Investment in Joint Venture	1,676,666	425,000	-
Restricted Assets:			
Revenue Bond Current Debt Service - Cash	389	-	-
Revenue Bond Current Debt Service Account - Investment	147,500	120,000	60,000
Revenue Bond Future Debt Service Account - Investment	256,000	255,000	150,000
Bond Issue Costs	30,375	27,365	4,702
Land	27,539	63,224	249,153
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	7,299,422	4,586,985	3,814,624
Total Noncurrent Assets	9,437,891	5,477,574	4,278,479
Total Assets	12,641,075	6,338,276	5,103,841
LIABILITIES			
Current Liabilities			
Accounts Payable	491,791	16,740	32,433
Accrued Wages	21,117	10,081	7,000
Accrued Expenses	22,919	3,597	1,211
Customer Deposits	16,445	-	-
Due to Other Funds	126,060	-	-
Payables from Restricted Assets:			
Accrued Revenue Bond Interest	17,152	37,557	6,036
Revenue Bonds - Current	195,000	105,000	100,000
Total Current Liabilities	890,484	172,975	146,680
Noncurrent Liabilities:			
Due within one year:			
Compensated Absences	29,871	10,313	7,195
Due in more than one year:			
Revenue Bonds Payable	2,365,000	1,955,000	615,000
Other Post Employment Benefits	2,487	1,066	-
Total Liabilities	3,287,842	2,139,354	768,875
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,766,961	2,590,209	3,348,777
Restricted for:			
Debt Service	386,737	337,443	203,964
Unrestricted	4,199,535	1,271,270	782,225
Total Net Assets	\$ 9,353,233	\$ 4,198,922	\$ 4,334,966

See Accompanying Notes to Financial Statements

Business Type Activities		
	Gas Utility	Total
\$	203,379	\$ 433,140
	400,000	2,546,500
	114,922	863,411
	712	8,468
	3,775	12,386
	36,820	356,612
	-	69,809
	-	172,013
	-	672,446
	28,825	503,332
	6,195	45,759
	<u>794,628</u>	<u>5,683,876</u>
	-	2,101,666
	-	389
	25,000	352,500
	160,000	821,000
	15,248	77,690
	-	339,916
	<u>1,493,673</u>	<u>17,194,704</u>
	<u>1,693,921</u>	<u>20,887,865</u>
	<u>2,488,549</u>	<u>26,571,741</u>
	131,440	672,404
	7,126	45,324
	2,041	29,768
	11,210	27,655
	-	126,060
	8,807	69,552
	<u>90,000</u>	<u>490,000</u>
	<u>250,624</u>	<u>1,460,763</u>
	7,135	54,514
	1,150,000	6,085,000
	711	4,264
	<u>1,408,470</u>	<u>7,604,541</u>
	253,673	10,959,620
	176,193	1,104,337
	650,213	6,903,243
\$	<u>1,080,079</u>	<u>\$ 18,967,200</u>

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities	
	Electric Utility	Water Utility
Operating Revenues:		
Charges for Services	\$ 6,642,889	\$ 818,193
Total Operating Revenue	<u>6,642,889</u>	<u>818,193</u>
Operating Expenses:		
Production	4,480,695	177,662
Transmission	279,311	179
Distribution / Collection	429,512	126,430
Administrative and General	242,471	130,645
Depreciation	435,924	226,155
Total Operating Expenses	<u>5,867,913</u>	<u>661,071</u>
Operating Income	774,976	157,122
Non-Operating Income (Expense):		
Interest Income	24,106	17,452
Other Non-operating Revenues	27,456	13,783
Interest Expense	(109,828)	(93,700)
Other Non-operating Expenses	(192,986)	(7,408)
Total Non-Operating Income (Expenses)	<u>(251,252)</u>	<u>(69,873)</u>
Income before Transfers	523,724	87,249
Transfers In	12,368	
Transfers Out	<u>(231,679)</u>	<u>(15,000)</u>
Change in Net Assets	304,413	72,249
Net Assets - Beginning	9,048,820	4,126,673
Net Assets - Ending	<u>\$ 9,353,233</u>	<u>\$ 4,198,922</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Gas Utility	Total
\$ 629,144	\$ 3,985,313	\$ 12,075,539
629,144	3,985,313	12,075,539
81,056		4,739,413
	3,387,841	3,667,331
69,668	121,443	747,053
121,425	119,472	614,013
157,922	68,448	888,449
430,071	3,697,204	10,656,259
199,073	288,109	1,419,280
16,752	4,713	63,023
7,788	53	49,080
(41,567)	(57,548)	(302,643)
(5,408)	-	(205,802)
(22,435)	(52,782)	(396,342)
176,638	235,327	1,022,938
(84,809)		12,368
		(331,488)
91,829	235,327	703,818
4,243,137	844,752	18,263,382
\$ 4,334,966	\$ 1,080,079	\$ 18,967,200

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities	
	Electric Utility	Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 6,484,859	\$ 827,728
Cash Paid to Suppliers for Goods and Services	(4,897,065)	(213,789)
Cash Paid to Employees for Services	(481,846)	(229,592)
Other Nonoperating Income	27,456	13,783
Other Nonoperating Expenses	(192,986)	(7,408)
Net Cash Provided by Operating Activities	<u>940,418</u>	<u>390,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
(Increase) Decrease in Investment in Joint Venture	46,707	200,000
Acquisition and Construction of Capital Assets	(551,176)	(97,412)
Due From Other Governments	-	-
Notes Receivable	55,319	-
Principal Paid on Notes and Bonds	(185,000)	(160,000)
Interest Paid on Notes and Bonds	(105,832)	(92,458)
Net Cash (Used) for Capital and Related Financing Activities	<u>(739,982)</u>	<u>(149,870)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers From (To) Other Funds	(219,311)	(15,000)
Advances From (To) Other Funds	-	-
Due From (To) Other Funds	(48,940)	(330,316)
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(268,251)</u>	<u>(345,316)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(1,415,000)	(450,000)
Proceeds from Sale of Investment Securities	1,415,000	550,000
Interest and Dividends on Investments	41,782	24,518
Net Cash Provided (Used) for Investing Activities	<u>41,782</u>	<u>124,518</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(26,033)	20,054
Cash and Cash Equivalents at Beginning of Year	<u>29,350</u>	<u>70,240</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,317</u>	<u>\$ 90,294</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Gas Utility	Total
\$ 543,323	\$ 4,185,210	\$ 12,041,120
(95,975)	(3,575,705)	(8,782,534)
(150,994)	(153,476)	(1,015,908)
7,788	53	49,080
(5,408)		(205,802)
<u>298,734</u>	<u>456,082</u>	<u>2,085,956</u>
		246,707
(64,291)	(32,541)	(745,420)
		55,319
(100,000)	(90,000)	(535,000)
(40,915)	(55,633)	(294,838)
<u>(205,206)</u>	<u>(178,174)</u>	<u>(1,273,232)</u>
(84,809)		(319,120)
(146,554)	65,994	(459,816)
<u>(231,363)</u>	<u>65,994</u>	<u>(778,936)</u>
(675,000)	(585,000)	(3,125,000)
925,000	385,000	3,275,000
<u>24,374</u>	<u>10,316</u>	<u>100,990</u>
274,374	(189,684)	250,990
136,539	154,218	284,778
-	49,161	148,751
<u>\$ 136,539</u>	<u>\$ 203,379</u>	<u>\$ 433,529</u>

continued

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities	
	Electric Utility	Water Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 774,976	\$ 157,122
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	435,924	226,155
Other Non-Operating Income	27,456	13,783
Other Non-Operating Expenses	(192,986)	(7,408)
(Increase) Decrease in Assets:		
Accounts Receivable	(158,645)	(8,215)
Inventories	1,106	(290)
Prepaid Expenses	(2,130)	2,064
Due From Other Governments		17,750
Increase (Decrease) in Liabilities		
Accounts Payable	47,833	(16,313)
Accrued Wages and Compensated Absences	353	4,360
Accrued Expenses	3,429	648
Customer Deposits	615	-
OPEB Liability	2,487	1,066
Total Adjustments	165,442	233,600
Net Cash Provided by Operating Activities	940,418	390,722
Cash and Cash Equivalents	2,928	90,294
Revenue Bond Current Debt Service	389	-
Total Cash and Cash Equivalents	\$ 3,317	\$ 90,294

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Gas Utility	Total
\$ 199,073	\$ 288,109	\$ 1,419,280
157,922	68,448	888,449
7,788	53	49,080
(5,408)		(205,802)
(103,570)	198,397	(72,033)
(431)	4,909	5,725
17,749	408	(89)
		35,499
23,215	(109,296)	(54,561)
2,224	4,545	11,482
172	(1,702)	2,547
	1,500	2,115
-	711	4,264
99,661	167,973	666,676
298,734	456,082	2,085,956
136,539	203,379	433,140
-	-	389
\$ 136,539	\$ 203,379	\$ 433,529

CITY OF ORANGE CITY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Fund
June 30, 2009

ASSETS

Cash and Cash Equivalents	\$ 23,600
Total Assets	<u>23,600</u>

LIABILITIES

Accounts Payable	<u>23,600</u>
Total Liabilities	<u>\$ 23,600</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Orange City, Iowa is a political subdivision of the State of Iowa located in Sioux County, and was incorporated in 1884, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer and gas utilities.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of Orange City, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Orange City, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Discretely Presented Component Unit - The Orange City Municipal Hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Orange City Area Health Foundation is a component unit of the Orange City Municipal Hospital, so the Foundation's financial data is combined with the Hospital's financial data. The municipal hospital is financially accountable to the City through budget responsibilities and debt issue restrictions.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Sioux County Conference Board, Sioux County Emergency Management Commission, and Sioux County Joint E911 Service Board.

B. Basic Financial Statements-Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Funds

The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.

The Local Option Sales Tax Fund is used to account for the collection of a 1% local option sales tax to be expended for Capital Improvement/Community Betterment Projects.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Electric Fund is used to account for the operation and maintenance of the City's electric systems.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's agency fund includes the payroll clearing fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the community and economic development function.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes demand deposits, cash on hand and cash investments with original maturities of three months or less.

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
Iowa Public Agency Investment Trust		Fair Value determined by current share price
<u>Component Unit</u>		
Interest-earning investment contracts		
Nonnegotiable certificates of deposit		Cost
Open-end mutual funds		
(governmental external investment pool registered As an investment company)		Fair Value determined by current share price
Publicly traded mutual funds		Fair Value based on quoted market prices
Debt Securities		
Negotiable certificates of deposit and U.S. Government Agency Securities		
Maturity of one year or less when purchased		Amortized cost
Maturity to more than one year when purchased		Fair Value based on quoted Market prices

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008. Any county collections on the 2008-2009 tax levy remitted to the City within 60 days subsequent to June 30, 2009, are recorded as property tax revenue.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2009, balances of interfund amounts payable or receivable have been recorded as “due to other funds” and “due from other funds”, respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of governmental funds are valued at cost using FIFO while those of enterprise funds are valued using the average cost method. For fund level reporting, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental funds are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of net current assets. Inventory of the discretely presented component unit is valued at cost using FIFO.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds. Other restricted assets include temporary cash investments for the perpetual care fund.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Buildings & Improvements	25 – 50 Years
Land Improvements	20 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Vehicles	5 – 20 Years
Infrastructure	10 – 65 Years

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Landfill Closure Costs

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2009, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30 the primary governments investments were reported at amortized cost as follows:

	<u>Credit Risk</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Interest Rates</u>
Negotiable Certificates of Deposit	N/A	7/2009-11/2009	\$ 4,954,000	.55–1.05%
Iowa Public Agency Investment Trust	Not Rated	Daily	60,000	.84%
Totals			<u>\$ 5,014,000</u>	

As of June 30, 2009, the City's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Component Unit: The Hospital's investments, except the mutual funds, are insured or registered or for which the securities are held by the Hospital or its agent in the Hospital's name. The mutual fund investments are uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the Hospital's name. All investments listed below, except the U.S. Government agency securities, are subject to custodial credit risk. The Hospital does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates (interest rate risk).

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

As of June 30, 2009, the Hospital's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

	<u>Maturities</u>	
Edward D. Jones & Co., money market funds	Daily	\$ 5,116
Negotiable certificates of deposit	12/31/09-05/14/12	325,000
U.S. Government agency securities	01/15/15-11/01/31	72,611
Mutual Funds	Daily	762,396
Iowa Public Agency Investment Trust	Daily	3,176,997
Totals		<u>\$ 3,342,120</u>

The primary objectives of the Hospital's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. The investment policy limits the investing of operating funds to instruments that mature within three hundred ninety-seven days. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Hospital.

There were no significant changes in investments held during the fiscal year ended June 30, 2009.

Note 3 - PLEDGES RECEIVABLE

At June 30, 2009, the component unit's Foundation pledges receivable consisted of pledges restricted for the building of a new health campus. An allowance has been established to offset future uncollectible pledges and has been estimated by management to be \$40,000 as of June 30, 2009.

A summary of the activity in pledges receivable for the year ended June 30, 2009 is as follows:

Beginning pledges receivable	\$ 398,292
Pledges made during the year	23,014
Pledge payments received	(404,993)
Decrease in allowance for uncollectible pledges receivable	25,000
Total	<u>\$ 41,313</u>

Pledges receivable at June 30, 2009, are expected to be received as follows:

Year Ending June 30, 2010	\$ 81,313
Less allowance and discounts on pledges receivable	(40,000)
Total	<u>\$ 41,313</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2009, amounts due from other governments were as follows:

Due from FAA for Airport Runway Improvement Grant	\$ 187,867
Due from the Iowa Department of Transportation for road use tax allocations	37,835
Due from the State of Iowa for local option sales taxes	90,993
Due from FAA for Regional Airport Study Grant	29,535
Total Due from Other Governments	<u>\$ 346,230</u>

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2009, short-term interfund borrowings were as follows:

<u>Fund Due From</u>	<u>Fund Due To</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 175,000
Electric Fund	Sewer Fund	126,060
Nonmajor Governmental Fund	Water Fund	353,300
Nonmajor Governmental Fund	Sewer Fund	18,086
		<u>\$ 672,446</u>

Interfund receivables and payables are used to record negative pooled cash and to record money advanced to internally finance various projects.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	<u>Balance</u> <u>July 1, 2008</u>	<u>Prior Period</u> <u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2009</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 759,438	\$ -	\$ -	\$ -	\$ 759,438
Construction in Progress	3,975,699	(1,034,384)	717,695	1,355,308	2,303,702
Total capital assets not being depreciated	4,735,137	(1,034,384)	717,695	1,355,308	3,063,140
Capital assets being depreciated:					
Buildings	4,685,682	-	301,425	-	4,987,107
Improvements	2,890,700	-	1,053,883	-	3,944,583
Equipment	2,189,962	-	404,509	32,074	2,562,397
Infrastructure	28,459,932	-	84,400	-	28,544,332
Total capital assets being depreciated	\$38,226,276	\$ -	\$ 1,844,217	\$ 32,074	\$40,038,419

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2008	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2009
Primary Government					
Less: Accumulated Depreciation for:					
Buildings	\$ 2,529,801	\$ -	\$ 154,434	\$ -	\$ 2,684,235
Improvements	1,012,743	-	147,850	-	1,160,593
Equipment	1,269,104	-	179,541	28,176	1,420,469
Infrastructure	21,251,783	-	889,379	-	22,141,162
Total Accumulated Depreciation	26,063,431	-	1,371,204	28,176	27,406,459
Total capital assets being depreciated, net	12,162,845	-	473,013	3,898	12,631,960
Governmental activities capital assets, net	\$ 16,897,982	\$ (1,034,389)	\$ 1,190,708	\$ 1,359,206	\$ 15,695,100

Construction in progress at June 30, 2009, for the governmental activities consisted of costs associated with several street projects and airport improvements.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 339,916	\$ -	\$ -	\$ 339,916
Construction in Progress	1,217,624	-	1,217,624	-
Total capital assets not being depreciated	1,557,540	-	1,217,624	339,916
Capital assets being depreciated:				
Buildings	3,307,658	-	-	3,307,658
Improvements	80,560	45,028	-	125,588
Equipment	2,509,401	1,331,096	-	3,840,497
Utility Plant	24,470,575	586,920	-	25,057,495
Total capital assets being depreciated	30,368,194	1,963,044	-	32,331,238
Less: Accumulated Depreciation for:				
Buildings	1,038,703	77,920	-	1,116,623
Improvements	80,561	4,261	-	84,822
Equipment	2,311,630	177,127	-	2,488,757
Utility Plant	10,817,191	629,141	-	11,446,332
Total Accumulated Depreciation	14,248,085	888,449	-	15,151,365
Total capital assets being depreciated, net	16,120,109	1,074,595	-	17,194,704
Business-type activities capital assets, net	\$ 17,677,649	\$ 1,074,595	\$ 1,217,624	\$ 17,534,620

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 89,267
Public Works	1,065,866
Culture and Recreation	202,773
General Government	13,298
	<u>1,371,204</u>
Total depreciation expense – governmental activities	<u>\$ 1,371,204</u>
Business-Type Activities:	
Electric	\$ 435,924
Water	226,155
Sewer	157,922
Gas	68,448
	<u>888,449</u>
Total depreciation expense – business-type activities	<u>\$ 888,449</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
Component Unit:					
Capital assets not being depreciated:					
Land	\$ 1,139,373	\$ -	\$ -	\$ -	\$ 1,139,373
Construction in Progress	13,139	99,338	-	112,477	-
Total capital assets not being depreciated	<u>1,152,512</u>	<u>99,338</u>		<u>112,477</u>	<u>1,139,373</u>
Capital assets being depreciated:					
Land Improvements	2,316,854	15,355	-	-	2,332,209
Buildings	17,622,259	30,600	-	-	17,652,859
Fixed Equipment	23,258,867	-	-	83,983	23,342,850
Major Movable Equipment	11,505,801	687,134	-	28,494	12,221,429
Total capital assets being depreciated	<u>54,703,781</u>	<u>733,089</u>	<u>-</u>	<u>112,477</u>	<u>55,549,347</u>
Less: Accumulated Depreciation	18,763,701	3,049,001	-		21,812,702
Total capital assets being depreciated, net	<u>35,940,080</u>	<u>(2,315,912)</u>	<u>-</u>	<u>112,477</u>	<u>33,736,645</u>
Governmental Activities Capital Assets-net	<u>\$ 37,092,592</u>	<u>\$ (2,216,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,876,018</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 6 - CAPITAL ASSETS – (Continued)

Reconciliation of Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit
Land	\$ 759,438	\$ 339,916	\$ 1,139,373
Construction in Progress	2,303,702	-	-
Capital Assets (net of accumulated depreciation)	12,631,960	17,194,704	33,736,645
Less: General Obligation Bonds Payable	(4,785,000)	-	-
Revenue Bonds	-	(6,575,000)	(26,026,083)
Investment in Capital Assets, Net of Related Debt	<u>\$ 10,910,100</u>	<u>\$ 10,959,620</u>	<u>\$ 8,849,935</u>

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2009 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	1.45 – 6.10%	\$ 7,785,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 835,000	\$ 319,373	\$ 1,154,373
2011	695,000	286,967	981,967
2012	680,000	260,786	940,786
2013	650,000	234,906	884,906
2014	680,000	210,308	890,308
2015-2019	2,700,000	657,313	3,357,313
2020-2024	1,405,000	237,314	1,642,314
2025-2028	140,000	12,736	152,736
Total	<u>\$ 7,785,000</u>	<u>\$ 2,219,703</u>	<u>\$ 10,004,703</u>

\$3,000,000 of the outstanding general obligation bonds were issued by the City for construction of the new hospital that is reported as a component unit. Therefore this \$3,000,000 is not included as a component of invested in capital assets – net of related debt net asset.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM DEBT – (Continued)

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2009 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Electric Revenue Bonds	1.50 – 4.50%	\$ 2,560,000
Water Revenue Bonds	1.60 – 5.10%	2,060,000
Sewer Revenue Bonds	4.45 – 5.30%	715,000
Gas Revenue Bonds	1.75 – 4.80%	1,240,000
		<u>\$ 6,575,000</u>

Component Unit

Purpose	Interest Rates	Amounts
Hospital/Component Unit	3.50 – 5.60%	\$ 26,055,000
Hospital/Component Unit	5.5%	216,000
		<u>\$ 26,271,000</u>

The amount presented on the statement of Net Assets is shown net of Bond discounts of \$244,917.

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	Business-Type Activities					
	Electric Principal	Water Principal	Sewer Principal	Gas Principal	Interest	Total
2010	\$ 195,000	\$ 105,000	\$ 100,000	\$ 90,000	\$ 277,205	\$ 767,205
2011	200,000	105,000	115,000	95,000	258,981	773,981
2012	200,000	110,000	115,000	100,000	239,385	764,385
2013	210,000	115,000	120,000	105,000	218,160	768,160
2014	220,000	120,000	130,000	105,000	195,048	770,048
2015-2019	1,245,000	670,000	135,000	605,000	612,179	3,267,179
2020-2024	290,000	835,000	-	140,000	134,522	1,399,522
Total	<u>\$ 2,560,000</u>	<u>\$ 2,060,000</u>	<u>\$ 715,000</u>	<u>\$ 1,240,000</u>	<u>\$ 1,935,480</u>	<u>\$ 8,510,480</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM DEBT – (Continued)

Component Unit

Year Ending June 30,	Rural Economic Development Loan		Revenue Notes Payable		
	Principal	Interest	Principal	Interest	Total
2010	\$ 72,000	\$ -	\$ 595,000	\$ 1,331,660	\$ 1,998,660
2011	72,000	-	620,000	1,306,689	1,998,689
2012	72,000	-	650,000	1,280,328	2,002,328
2013	-	-	675,000	1,252,443	1,927,443
2014	-	-	705,000	1,222,880	1,927,880
2015-2019	-	-	4,040,000	5,603,035	9,643,035
2020-2024	-	-	5,130,000	4,505,928	9,635,928
2025-2029	-	-	6,725,000	2,908,613	9,633,613
2030-2034	-	-	6,915,000	801,500	7,716,500
Total	216,000	-	26,055,000	20,213,084	46,484,084
Less unamortized discount	-	-	(244,917)	-	(244,917)
Total	\$ 216,000	\$ -	\$ 25,810,083	\$ 20,213,084	\$ 46,239,167

Advance and Current Refundings

In October 2002, the City issued \$1,655,000 in sewer revenue bonds with interest rates ranging from 2.50% to 3.30% to refund the 1992 sewer revenue bonds with interest rates ranging from 3.80% to 6.10%. The City refunded the debt to reduce its total debt service payments over the next three years by \$28,053 and to obtain an economic gain of \$9,000.

In November 2002, the City issued \$940,000 in General Obligation Capital Loan Notes with interest rates ranging from 2.40% to 3.50% to refund the 1993 General Obligation Capital Loan Notes with interest rates ranging from 2.80% to 5.60%. The City refunded the debt to reduce its total debt service payments over the next six years by \$46,921 and to obtain an economic gain of \$1,400.

In July 2004 the City issued \$295,000 in general obligation capital loan notes with interest rates ranging from 2.20% to 3.45% to refund the 1995 general obligation capital loan notes with interest rates ranging from 4.80% to 6.10%. The City refunded the debt to reduce its total debt service payments for the next 6 years by approximately \$14,000 and obtain an economic gain of \$3,000.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 - LONG-TERM DEBT – (Continued)

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 8,610,000	\$ -	\$ 825,000	\$ 7,785,000	\$ 835,000
Compensated Absences	50,875	59,153	50,875	59,153	59,153
Governmental Activity Long-Term Liabilities	<u>\$ 8,660,875</u>	<u>\$ 59,153</u>	<u>\$ 875,875</u>	<u>\$ 7,844,153</u>	<u>\$ 894,153</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 7,110,000	\$ -	\$ 535,000	\$ 6,575,000	\$ 490,000
Compensated Absences	56,767	54,514	56,767	54,514	54,514
Business-Type Activity Long-Term Liabilities	<u>\$ 7,166,767</u>	<u>\$ 54,514</u>	<u>\$ 591,767</u>	<u>\$ 6,629,514</u>	<u>\$ 544,514</u>
Component Unit:					
Bonds Payable:					
Revenue Bonds	<u>\$ 26,343,000</u>	<u>\$ -</u>	<u>\$ 72,000</u>	<u>\$ 26,271,000</u>	<u>\$ 667,000</u>

The City maintains a policy prohibiting the accumulation of compensated absences thus the total ending balance represents the amount expected to be paid within one year.

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Nonmajor Governmental	Electric	Total Transfers Out
Nonmajor Governmental	\$ -	\$ 267,046	\$ -	\$ 267,046
General	-	419,457	12,368	431,825
Road Use Tax	479,400	-	-	479,400
Local Option Sales Tax	588,371	-	-	588,371
Water	15,000	-	-	15,000
Sewer	15,000	69,809	-	84,809
Electric	231,679	-	-	231,679
Total Transfers In	<u>\$ 1,329,450</u>	<u>\$ 756,312</u>	<u>\$ 12,368</u>	<u>\$ 2,098,130</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10 percent of their annual covered salary and the City is required to contribute 6.35 percent of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$112,069, \$105,083, and \$99,679, respectively, equal to the required contributions for each year.

In addition, the component unit contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$941,174, \$847,707, and \$785,154, respectively, equal to the required contributions for each year.

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees. There are 35 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a premium only plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual required contribution	\$ 12,965
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	12,965
Contributions made	(1,121)
Increase in net OPEB obligation	11,844
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 11,844</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 12,965	8.7%	\$ 11,844

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$112,988, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$112,988. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,574,483 and the ratio of the UAAL to covered payroll was 7.2%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions includes a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate rate.

Mortality rates are from the RP 2000 Mortality Table. Non-group specific age-based turnover data from Scale T-2 of the Actuary's Pension Handbook were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Projected claim costs of the medical plan are \$10,999 per year for retirees less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11 - MAJOR CUSTOMER

During the year ended June 30, 2009, electric, water, sewer, and gas charges for services provided by the City to Advanced Brands, Inc. were \$1,605,555, \$153,476, \$150,572 and \$1,372,930, respectively. This represents 24%, 19%, 28% and 33%, respectively, of total charges for services.

Note 12 - RESERVES

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	Inventories	Debt Service	Endowments	Total
Special Revenue				
Road Use Tax	\$ 14,015	\$ -	\$ -	\$ 14,015
Debt Service	-	49,021	-	49,021
Permanent Fund				
Cemetery Perpetual Care	-	-	79,000	79,000
Total Reserves of Fund Balances	<u>\$ 14,015</u>	<u>\$ 49,021</u>	<u>\$ 79,000</u>	<u>\$ 142,036</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 13 - DEFICIT FUND EQUITY

The City has one fund with a deficit equity balance at June 30, 2009. The City intends to finance this deficit from various resources including; road use tax funds, general funds, special assessments, and capital project debt financing.

The individual fund deficit was as follows:

Capital Project – Downtown Streetscape	\$ 436,550
--	------------

Note 14 - RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2008-2009 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

Note 15 - COMMITMENTS

During the year ended June 30, 2009, the City had entered into a construction contract totaling approximately \$1,063,741 of which approximately \$155,323 has been expended to date. The remaining balance will be paid as work progresses.

Note 16 - INVESTMENT IN JOINT VENTURE

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the Northwest Iowa Power Cooperative to the City Limits. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.81 percent share of the venture with twelve other cities sharing in the ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund.

Summary financial information of the joint venture for the year ended December 31, 2008 follows:

	Total
Assets	\$ 7,541,799
Liabilities	278,926
Equity	7,262,874
	<u>7,541,799</u>
Revenues	1,087,550
Expenses	1,199,905
Net (Decrease) in Equity	<u>\$ 112,355</u>

The joint venture has no outstanding debt. Separately issued financial statements for the joint venture can be obtained directly from the MBMECA administrative offices.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2009

Note 16 - INVESTMENT IN JOINT VENTURE – (Continued)

The City is a participant in the Orange City Communications, a joint venture for the construction and maintenance of a high-speed data internet and telecommunications system. The City owns 50 percent share of the venture with Long Lines Limited, Inc. sharing equally in the ownership. Summary financial information of the joint venture for the year ended June 30, 2009 is as follows:

	Total
Assets	\$4,281,224
Liabilities	2,247,906
Equity	2,033,318
	<u>4,281,224</u>
Revenues	2,644,419
Expenses	2,057,248
Net Increase in Equity	<u>\$ 587,171</u>

Note 17 - Prior Period Adjustment

Facilities included as Construction in Progress in the prior year's net assets were transferred to a jointly governed entity during the fiscal year. A prior period adjustment to Beginning Net Assets in the amount of \$1,034,384 has been reflected on the Governmental Statement of Net Assets.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS**

For the Year Ended June 30, 2009

	Governmental Fund Type Actual	Proprietary Funds Actual
Revenue:		
Taxes	\$ 2,114,229	\$ -
Licenses and Permits	3,859	-
Intergovernmental	1,491,067	-
Charges for Services	434,216	12,075,539
Fines and Forfeits	25,239	-
Contributions from Property Owners	6,788	-
TIF Revenue	567,023	-
Local Option Sales Tax	642,603	-
Proceeds from Sale of Real Estate	3,000	-
Interest	29,767	63,023
Miscellaneous	206,521	49,080
Total Revenue	<u>5,524,312</u>	<u>12,187,642</u>
Expenditures:		
Public Safety	882,662	-
Public Works	1,055,055	-
Culture and Recreation	513,652	-
Community and Economic Development	418,465	-
General Government	428,584	-
Capital Projects	1,696,811	-
Debt Service	1,209,001	-
Business Type Activities	-	11,164,704
Total Expenditures	<u>6,204,230</u>	<u>11,164,704</u>
Excess (deficiency) of revenues over expenditures	(679,918)	1,022,938
Other financing sources (uses):		
Proceeds from Debt Financing	-	-
Interfund Transfers In	2,085,762	12,368
Interfund Transfers Out	(1,766,642)	(331,488)
Total other financing sources (uses)	<u>319,120</u>	<u>(319,120)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(360,798)	703,818
Fund balances-beginning of year	2,134,105	18,263,382
Fund balances- end of year	<u>\$ 1,773,307</u>	<u>\$ 18,967,200</u>

Orange City Municipal Hospital	Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
		Original	Final	
\$ -	\$ 2,114,229	\$ 2,158,081	\$ 2,158,081	\$ (43,852)
-	3,859	4,175	4,175	(316)
-	1,491,067	903,214	1,375,214	115,853
34,070,976	46,580,731	48,174,875	50,197,875	(3,617,144)
-	25,239	-	-	25,239
-	6,788	10,000	10,000	(3,212)
-	567,023	545,955	545,955	21,068
-	642,603	-	-	642,603
-	3,000	-	-	3,000
164,016	256,806	215,200	230,200	26,606
508,875	764,476	235,000	255,000	509,476
<u>34,743,867</u>	<u>52,455,821</u>	<u>52,246,500</u>	<u>54,776,500</u>	<u>(2,320,679)</u>
-	882,662	700,031	895,031	12,369
-	1,055,055	894,950	1,208,450	153,395
-	513,652	1,070,742	1,093,242	579,590
-	418,465	410,374	410,374	(8,091)
-	428,584	479,254	482,254	53,670
-	1,696,811	1,589,360	1,589,360	(107,451)
-	1,209,001	1,214,888	1,214,888	5,887
35,434,877	46,599,581	45,491,573	50,116,573	3,516,992
<u>35,434,877</u>	<u>52,803,811</u>	<u>51,851,172</u>	<u>57,010,172</u>	<u>4,206,361</u>
(691,010)	(347,990)	395,328	(2,233,672)	1,885,682
-	-	800,000	800,000	(800,000)
-	2,098,130	1,430,000	1,430,000	668,130
-	(2,098,130)	-	(1,430,000)	(668,130)
<u>-</u>	<u>-</u>	<u>2,230,000</u>	<u>800,000</u>	<u>(800,000)</u>
(691,010)	(347,990)	2,625,328	(1,433,672)	1,085,682
24,836,780	45,234,267	45,234,267	45,234,267	-
<u>\$ 24,145,770</u>	<u>\$ 44,886,277</u>	<u>\$ 47,859,595</u>	<u>\$ 43,800,595</u>	<u>\$ 1,085,682</u>

CITY OF ORANGE CITY, IOWA
Notes to Required Supplementary Information
June 30, 2009

The City's legal compliance for budget to actual comparison is specified in Chapter 384.16 of the Code of Iowa and is for expenditures by program/function. The City budgets on a modified accrual basis. The legal level of control is at the aggregated function level, not at the fund or fund type level. Budgets are prepared on a program basis for all funds except the agency funds.

During the fiscal year 2009, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/18/09 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 700,031	\$ 195,000	\$ 895,031
Public Works	894,950	313,500	1,208,450
Culture & Recreation	1,070,742	22,500	1,093,242
General Government	479,254	3,000	482,254
Business Type/Enterprise	45,491,573	4,625,000	50,116,573
Total	<u>\$ 48,636,550</u>	<u>\$ 5,159,000</u>	<u>\$ 53,795,550</u>

CITY OF ORANGE CITY, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2009

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008 *	\$ -	\$ 112,988	\$ 112,988	0.00%	\$ 1,574,483	7.2%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2009

	Special Revenue		Capital Projects			
	TIF	Highway 10 Widening Project	Daycare Center Project	Puddlejumper 4th Addition	Downtown Streetscape Project	
Assets						
Cash and Pooled Investments	\$ 158,436	\$ 52,504	\$ -	\$ -	\$ -	-
Investments	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)	-	-	-	-	-	-
Subsequent Year Taxes	255,000	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-
Total Assets	<u>413,436</u>	<u>52,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	-	-	-	-	-	167,636
Due to Other Funds	75,502	-	-	-	-	268,914
Deferred Revenue - Subsequent Year Taxes	255,000	-	-	-	-	-
Total Liabilities	<u>330,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,550</u>
Fund Balances:						
Reserved for:						
Perpetual Care	-	-	-	-	-	-
Unreserved	82,934	52,504	-	-	-	(436,550)
Total Fund Balances (Deficits)	<u>82,934</u>	<u>52,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(436,550)</u>
Total Liabilities and Equity	<u>\$ 413,436</u>	<u>\$ 52,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Capital Projects		Permanent Fund	Total Governmental Nonmajor Funds	
Park Improvements	Airport Improvements	Cemetery Perpetual Care Fund		
\$ -	\$ -	\$ -	\$	210,940
-	-	79,000		79,000
-	-	-		-
-	-	-		255,000
-	29,535	-		29,535
-	29,535	79,000		574,475
-	-	-		167,636
-	26,970	-		371,386
-	-	-		255,000
-	26,970	-		794,022
-	-	79,000		79,000
-	2,565	-		(298,547)
-	2,565	79,000		(219,547)
\$ -	\$ 29,535	\$ 79,000	\$	574,475

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2009

	Special Revenue	Capital Projects			
	TIF	Highway 10 Widening Project	Daycare Center Project	Puddlejumper 4th Addition	Downtown Streetscape Project
Revenue:					
Intergovernmental	\$ -	\$ -	\$ 250,000	\$ -	\$ -
TIF Revenue	228,370	-	-	-	-
Proceeds from Sale of Real Estate	-	-	-	3,000	-
Interest on Investments	5,656	-	-	-	-
Miscellaneous	48,040	-	-	-	-
Total Revenue	282,066	-	250,000	3,000	-
Expenditures:					
Public Works	51,433	-	-	-	-
Capital Projects	-	1,371	489,232	252,179	435,909
Debt Service:					
Principal Retirement	120,000	-	-	-	-
Interest	34,115	-	-	-	-
Total Expenditures	205,548	1,371	489,232	252,179	435,909
Excess (deficiency) of revenues over expenditures	76,518	(1,371)	(239,232)	(249,179)	(435,909)
Other financing sources (uses):					
Transfers In	-	-	444,809	267,046	-
Transfers Out	(267,046)	-	-	-	-
Total other financing sources (uses)	(267,046)	-	444,809	267,046	-
Net Change in Fund Balance	(190,528)	(1,371)	205,577	17,867	(435,909)
Fund balances (Deficits)-beginning of year	273,462	53,875	(205,577)	(17,867)	(641)
Fund balances (Deficits)- end of year	\$ 82,934	\$ 52,504	\$ -	\$ -	\$ (436,550)

Capital Projects		Permanent Fund	Total	
Park Improvements	Airport Improvements	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds	
\$ 111,549	\$ -	\$ -	\$	361,549
-	-	-		228,370
-	-	-		3,000
-	-	1,550		7,206
-	35,348	-		83,388
111,549	35,348	1,550		683,513
-	-	-		51,433
18,712	10,176	-		1,207,579
-	-	-		120,000
-	-	-		34,115
18,712	10,176	-		1,413,127
92,837	25,172	1,550		(729,614)
44,457	-	-		756,312
-	-	-		(267,046)
44,457	-	-		489,266
137,294	25,172	1,550		(240,348)
(137,294)	(22,607)	77,450		20,801
\$ -	\$ 2,565	\$ 79,000	\$	(219,547)

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
Agency Fund
June 30, 2009

	Payroll Clearing
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 23,600
Total Assets	<u>23,600</u>
LIABILITIES	
Accounts Payable	<u>23,600</u>
Total Liabilities	<u>23,600</u>
NET ASSETS	
Unrestricted	-
Total Net Assets	<u>\$ -</u>

CITY OF ORANGE CITY, IOWA
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>PAYROLL CLEARING</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 21,750	\$ 721,647	\$ 719,797	\$ 23,600
Total Assets	21,750	721,647	719,797	23,600
<u>Liabilities</u>				
Accounts Payable	21,750	721,647	719,797	23,600
Total Liabilities	\$ 21,750	\$ 721,647	\$ 719,797	\$ 23,600



STATISTICAL SECTION

This part of the City of Orange City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	76
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
Revenue Capacity	82
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	86
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Operating Information	92
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Demographic and Economic Information	96
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Governmental Activities						
Invested in capital assets, net of related debt	\$ 9,491,848	\$ 10,245,341	\$ 10,447,176	\$ 11,505,090	\$ 11,563,418	\$ 10,910,100
Restricted	95,709	104,647	103,957	109,467	96,313	93,701
Unrestricted	1,346,380	(3,044,617)	(2,496,606)	(2,131,149)	(1,054,152)	(1,186,561)
Total governmental activities net assets	<u>\$ 10,933,937</u>	<u>\$ 7,305,371</u>	<u>\$ 8,054,527</u>	<u>\$ 9,483,408</u>	<u>\$ 10,605,579</u>	<u>\$ 9,817,240</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 8,491,081	\$ 9,243,826	\$ 9,908,173	\$ 10,124,878	\$ 10,657,299	\$ 10,959,620
Restricted	-	2,828,947	1,098,131	1,183,353	1,212,682	1,103,948
Unrestricted	7,993,884	4,889,654	6,657,609	6,183,553	6,393,401	6,903,632
Total business-type activities net assets	<u>\$ 16,484,965</u>	<u>\$ 16,962,427</u>	<u>\$ 17,663,913</u>	<u>\$ 17,491,784</u>	<u>\$ 18,263,382</u>	<u>\$ 18,967,200</u>
Primary government						
Invested in capital assets, net of related debt	\$ 17,982,929	\$ 19,489,167	\$ 20,355,349	\$ 21,629,968	\$ 22,220,717	\$ 21,869,720
Restricted	95,709	2,933,594	1,202,088	1,292,820	1,308,995	1,197,649
Unrestricted	9,340,264	1,845,037	4,161,003	4,052,404	5,339,249	5,717,071
Total primary government net assets	<u>\$ 27,418,902</u>	<u>\$ 24,267,798</u>	<u>\$ 25,718,440</u>	<u>\$ 26,975,192</u>	<u>\$ 28,868,961</u>	<u>\$ 28,784,440</u>

Note: GASB 34 implemented in 2004 and therefore only 6 years presented.

City of Orange City
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
Public Safety	\$ 648,483	\$ 571,640	\$ 615,728	\$ 628,231	\$ 717,219	\$ 767,486
Public Works	1,489,282	1,503,075	1,554,367	1,726,845	1,922,753	1,842,509
Culture and Recreation	1,104,755	923,700	934,012	1,008,064	772,638	1,702,991
Community and Economic Development	88,712	3,510,694	66,129	348,231	338,867	418,230
General Government	436,509	442,852	702,510	427,357	469,266	451,379
Capital Projects	299,765	-	-	-	477,310	-
Debt Service	195,476	281,582	325,456	363,550	339,423	404,733
Total governmental activities expenses	<u>4,262,982</u>	<u>7,233,543</u>	<u>4,198,202</u>	<u>4,502,278</u>	<u>5,037,476</u>	<u>5,587,328</u>
Business-Type Activities:						
Electric	3,969,124	4,360,760	4,649,895	5,098,083	5,496,756	6,170,727
Water	591,156	673,470	715,885	725,194	754,465	762,179
Sewer	456,873	478,203	472,866	466,201	490,251	477,046
Gas	2,887,306	3,257,135	4,501,118	4,106,127	4,360,806	3,754,752
Total business-type activities expenses	<u>7,904,459</u>	<u>8,769,568</u>	<u>10,339,764</u>	<u>10,395,605</u>	<u>11,102,278</u>	<u>11,164,704</u>
Total primary government expenses	<u>12,167,441</u>	<u>16,003,111</u>	<u>14,537,966</u>	<u>14,897,883</u>	<u>16,139,754</u>	<u>16,752,032</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Public Safety	111,832	120,206	117,314	27,321	-	10,934
Public Works	154,969	202,243	321,340	204,800	203,127	224,791
Health and Social Services	4,283	-	-	-	-	-
Culture and Recreation	104,938	108,247	118,718	204,205	154,678	202,769
Community & Economic Development	-	-	25,635	25,511	17,086	19,751
General Government	64,542	79,788	17,416	12,002	8,549	30,341
Capital Projects	-	64,195	-	-	-	-
Operating grants and contributions	53,302	136,151	68,957	682,784	619,533	1,129,518
Capital grants and contributions	107,570	-	353,962	187,158	853,361	361,549
Total governmental activities program revenues	<u>601,436</u>	<u>710,830</u>	<u>1,023,342</u>	<u>1,343,781</u>	<u>1,856,334</u>	<u>1,979,653</u>
Business-type activities:						
Charges for services:						
Electric	4,536,237	4,635,959	5,151,705	5,459,146	6,010,908	6,642,889
Water	704,566	773,316	865,743	841,357	805,151	818,193
Sewer	721,442	533,921	556,229	544,123	535,191	629,144
Gas	3,076,476	3,332,471	4,629,777	4,224,868	4,559,301	3,985,313
Total business-type activities program revenues	<u>9,038,721</u>	<u>9,275,667</u>	<u>11,203,454</u>	<u>11,069,494</u>	<u>11,910,551</u>	<u>12,075,539</u>
Total primary government program revenues	<u>9,640,157</u>	<u>9,986,497</u>	<u>12,226,796</u>	<u>12,413,275</u>	<u>13,766,885</u>	<u>14,055,192</u>
Net (expense)/revenue						
Governmental activities	(3,661,546)	(6,522,713)	(3,174,860)	(3,158,497)	(3,181,142)	(3,607,675)
Business-type activities	1,134,262	506,099	863,690	673,889	808,273	910,835
Total primary government net expense	<u>\$ (2,527,284)</u>	<u>\$ (6,016,614)</u>	<u>\$ (2,311,170)</u>	<u>\$ (2,484,608)</u>	<u>\$ (2,372,869)</u>	<u>\$ (2,696,840)</u>

City of Orange City
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 1,598,367	\$ 1,617,548	\$ 2,264,411	\$ 2,460,542	\$ 2,511,016	\$ 2,671,193
Local option sales tax	420,939	601,573	527,909	558,312	607,761	642,603
Unrestricted grants and contributions	25,219	-	-	-	-	-
Investment Earnings	19,059	36,154	41,833	102,119	93,735	28,217
General Intergovernmental Revenue	518,541	467,121	467,540	-	-	-
Gain on Sale of Assets	-	-	-	38,640	-	3,000
Miscellaneous	156,570	46,997	228,319	106,100	926,494	189,587
Transfers	199,663	220,926	326,004	1,321,665	243,448	319,120
Total governmental activities	<u>2,938,358</u>	<u>2,990,319</u>	<u>3,856,016</u>	<u>4,587,378</u>	<u>4,382,454</u>	<u>3,853,720</u>
Business-type activities						
Investment Earnings	84,953	82,711	126,627	154,986	172,553	63,023
Miscellaneous	76,445	81,406	37,173	95,661	34,220	49,080
Transfers	(199,663)	(220,926)	(326,004)	(1,321,665)	(243,448)	(319,120)
Total business-type activities	<u>(38,265)</u>	<u>(56,809)</u>	<u>(162,204)</u>	<u>(1,071,018)</u>	<u>(36,675)</u>	<u>(207,017)</u>
Total primary government	2,900,093	2,933,510	3,693,812	3,516,360	4,345,779	3,646,703
Change in Net Assets						
Governmental activities	(723,188)	(3,532,394)	681,156	1,428,881	1,201,312	246,045
Business-type activities	1,095,997	449,290	701,486	(397,129)	771,598	703,818
Total primary government	<u>\$ 372,809</u>	<u>\$ (3,083,104)</u>	<u>\$ 1,382,642</u>	<u>\$ 1,031,752</u>	<u>\$ 1,972,910</u>	<u>\$ 949,863</u>

Note: GASB 34 implemented in 2004 and therefore only 6 years presented.

City of Orange City
Governmental Activities Tax Revenues By Source
Last Six Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Motel/Hotel Tax</u>	<u>Total</u>
2004	\$ 1,598,367	\$ 420,939	\$ -	\$ 2,019,306
2005	1,617,548	601,573	-	2,219,121
2006	2,264,411	490,917	36,992 ¹	2,792,320
2007	2,460,542	523,641	34,671	3,018,854
2008	2,511,016	574,054	33,707	3,118,777
2009	2,671,193	610,329	32,274	3,313,796

¹ First year of tax

Note: GASB 34 implemented in 2004 and therefore only 6 years presented.

City of Orange City
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accural basis of accounting)

	Fiscal Year					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund						
Unreserved	\$ 872,926	\$ 1,099,175	\$ 1,098,999	\$ 1,308,413	\$ 1,147,069	\$ 1,018,865
Total General Fund	<u>\$ 872,926</u>	<u>\$ 1,099,175</u>	<u>\$ 1,098,999</u>	<u>\$ 1,308,413</u>	<u>\$ 1,147,069</u>	<u>\$ 1,018,865</u>
All other governmental funds						
Reserved	\$ 110,745	\$ 119,480	\$ 121,990	\$ 125,079	\$ 140,039	\$ 142,036
Unreserved, reported in:						
Special revenue funds	762,553	703,759	864,920	1,045,140	1,177,108	993,887
Capital project funds	<u>(592,550)</u>	<u>(1,520,611)</u>	<u>(1,252,923)</u>	<u>16,610</u>	<u>(330,111)</u>	<u>(381,481)</u>
Total all other governmental funds	<u>\$ 280,748</u>	<u>\$ (697,372)</u>	<u>\$ (266,013)</u>	<u>\$ 1,186,829</u>	<u>\$ 987,036</u>	<u>\$ 754,442</u>

Note: GASB 34 implemented in 2004 and therefore only 6 years presented.

City of Orange City
Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Revenues						
Taxes	\$ 1,458,609	\$ 1,609,486	\$ 1,860,705	\$ 1,970,930	\$ 2,030,435	\$ 2,114,229
Special Assessments	109,077	64,194	-	-	-	-
Licenses and permits	4,295	4,570	3,834	3,653	5,120	3,859
Intergovernmental	714,322	696,446	955,020	776,619	1,857,893	1,491,067
Charges for services	266,871	322,652	296,673	396,031	381,090	434,216
Fines and Forfeits	15,218	28,854	25,988	24,537	31,304	25,239
Contributions from Property Owners	25,219	34,793	21,084	12,965	9,686	6,788
TIF Revenue	139,758	163,965	437,610	487,942	496,167	567,023
Local Options Sales Tax	420,938	437,608	527,909	558,312	607,761	642,603
Investment Earnings	19,059	36,155	41,834	102,119	93,737	29,767
Miscellaneous	162,602	78,438	416,602	236,076	499,514	209,521
Total revenues	<u>\$ 3,335,968</u>	<u>\$ 3,477,161</u>	<u>\$ 4,587,259</u>	<u>\$ 4,569,184</u>	<u>\$ 6,012,707</u>	<u>\$ 5,524,312</u>
Expenditures						
Public safety	613,755	536,420	609,050	618,705	896,293	882,662
Public works	632,850	616,102	777,744	776,065	937,386	1,055,055
Culture and recreation	1,021,654	798,874	819,792	906,654	1,194,084	1,492,116
Community and economic development	88,712	57,082	63,075	349,564	337,597	418,465
General government	430,926	413,772	713,236	428,095	453,942	428,584
Capital projects	716,091	5,048,122	1,867,298	1,935,310	1,799,431	718,347
Debt service						
Principal	460,000	780,000	695,000	780,000	870,000	825,000
Interest	193,759	266,210	393,084	358,240	352,962	384,001
Total expenditures	<u>4,157,747</u>	<u>8,516,582</u>	<u>5,938,279</u>	<u>6,152,633</u>	<u>6,841,695</u>	<u>6,204,230</u>
Excess of revenues over (under) expenditures	(821,779)	(5,039,421)	(1,351,020)	(1,583,449)	(828,988)	(679,918)
Other financing sources (uses)						
Issuance of Debt	705,000	4,095,000	1,385,000	450,000	1,650,000	-
Proceeds From Sale of Red Estate	-	-	-	38,640	12,224	-
Transfers In	1,130,113	1,133,175	1,275,555	2,267,414	1,276,556	2,085,762
Transfers Out	(930,450)	(912,249)	(949,551)	(945,749)	(1,033,108)	(1,766,642)
Total other financing sources (uses)	<u>904,663</u>	<u>4,315,926</u>	<u>1,711,004</u>	<u>1,810,305</u>	<u>1,905,672</u>	<u>319,120</u>
Net change in fund balances	<u>\$ 82,884</u>	<u>\$ (723,495)</u>	<u>\$ 359,984</u>	<u>\$ 226,856</u>	<u>\$ 1,076,684</u>	<u>\$ (360,798)</u>
Debt Service as a percentage of noncapital expenditures	15.7%	12.3%	18.0%	18.4%	26.5%	24.2%

Note: GASB 34 implemented in 2004 therefore only 6 years presented.

City of Orange City
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Utilities		Total		Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	\$ 104,685,474	\$ 160,812,584	\$ 998,026	\$ 998,026	\$ 105,683,500	\$ 161,810,610	65.31%
2001	106,177,613	167,587,570	386,645	386,645	106,564,258	167,974,215	63.44%
2002	111,996,353	172,401,657	345,740	345,740	112,342,093	172,747,397	65.03%
2003	114,153,308	187,368,989	405,828	405,828	114,559,136	187,774,817	61.01%
2004	121,880,002	197,777,207	457,062	457,062	122,337,064	198,234,269	61.71%
2005	133,223,718	213,808,393	446,521	446,521	133,670,239	214,254,914	62.39%
2006	135,062,294	218,543,204	2,881,675	2,881,675	137,943,969	221,424,879	62.30%
2007	144,958,608	239,180,184	4,698,999	4,698,999	149,657,607	243,879,183	61.37%
2008	151,419,393	253,255,181	4,771,270	4,771,270	156,190,663	258,026,451	60.53%
2009	161,682,541	277,172,987	4,771,270	4,771,270	166,453,811	281,944,257	59.04%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

**City of Orange City
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Orange City				Overlapping Rates				Total Direct & Overlapping Rates		
	Debt		Total	Sioux County		MOC-FV School District					
	Operating Millage	Service Millage	City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage		Total School Millage	Area Vocational School
2000	7.5093	4.1129	11.6222	3.53387	-	3.53387	10.64710	1.83126	12.47836	0.48192	28.1164
2001	7.6257	3.9763	11.6019	3.53287	-	3.53287	10.60836	1.78347	12.39183	0.52226	28.0489
2002	7.7004	4.0786	11.7790	3.51674	-	3.51674	10.45557	1.69767	12.15324	0.53380	27.9828
2003	7.6933	4.3529	12.0462	3.51512	0.42170	3.93682	10.99933	1.60667	12.60600	0.54774	29.1368
2004	7.7702	4.5524	12.3226	4.41586	0.23157	4.64743	11.26700	1.51623	12.78323	0.65433	30.4076
2005	8.1585	5.0902	13.2486	5.06682	-	5.06682	12.40268	1.68975	14.09243	0.58447	32.9924
2006	7.7024	7.0606	14.7630	5.94423	0.20000	6.14423	12.42950	0.35027	12.77977	0.58365	34.2707
2007	7.6510	6.8721	14.5231	5.89492	0.23671	6.13163	12.34459	0.36235	12.70694	0.66202	34.0237
2008	7.7150	6.8502	14.5652	5.62931	0.40462	6.03393	12.71788	-	12.71788	0.67287	33.9899
2009	7.8009	6.5598	14.3607	5.1980	0.40840	5.6064	11.99370	-	11.9937	0.68751	32.6483

Taxes due July 1

Taxes delinquent first half - October 1; second half - April 1.

Penalties for delinquency: 1.5 percent per month.

Discount allowed: none

Uncollected taxes handled as follows: delinquent real estate tax list published in newspaper prior to May 16.

Taxes collected by Sioux County and distributed to the City of Orange City in proportion of its levy to all levies.

Tax sale date: first Monday in June.

Source: The tax rates are obtained from the Sioux County Courthouse - Auditor's Office.

City of Orange City
Principal Property Taxpayers
June 30, 2009

	2009				2000			
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>		<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	
<u>Taxpayer</u>								
Staples Inc (Welsh)	\$ 11,425,720	1	4.1%		\$ 11,678,620	1	7.2%	
Vogel Enterprises Inc.	7,833,396	2	2.8%		4,892,930	2	3.0%	
Advanced Brands LLC	5,337,920	3	1.9%		-		0.0%	
Pizza Ranch Headquarters	2,348,640	4	0.8%		-		0.0%	
Krull Ltd.	1,664,870	5	0.6%		-		0.0%	
Midwest Farmers Coop	1,531,940	6	0.5%		852,382	4	0.5%	
Iowa State Bank Orange City	1,508,290	7	0.5%		-		0.0%	
OCDC, Inc.	1,435,750	8	0.5%		-		0.0%	
Northwest Rural Electric Coop	1,330,860	9	0.5%		-		0.0%	
TEC Industries, Inc.	1,318,510	10	0.5%		-		0.0%	
Frontier Telephone					386,645	9	0.2%	
Kepp Realty					532,232	7	0.3%	
Kraai Furniture					494,803	8	0.3%	
Northwestern Bank Orange City					639,017	5	0.4%	
Orange Colony Investors					464,889	6	0.3%	
Excel Specialty Products					2,637,706	3	1.6%	
Totals	\$ 35,735,896		12.7%		\$ 22,579,224		14.0%	

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

City of Orange City
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended <u>6/30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2000	\$ 1,226,920	\$ 1,245,319	101.50%	-	\$ 1,245,319	101.50%
2001	1,255,218	1,289,639	102.74%	-	1,289,639	102.74%
2002	1,360,160	1,428,917	105.06%	-	1,428,917	105.06%
2003	1,438,760	1,467,196	101.98%	-	1,467,196	101.98%
2004	1,578,960	1,531,410	96.99%	-	1,531,410	96.99%
2005	1,574,394	1,609,486	102.23%	-	1,609,486	102.23%
2006	1,858,206	1,860,705	100.13%	-	1,860,705	100.13%
2007	1,964,663	1,970,930	100.32%	-	1,970,930	100.32%
2008	2,024,653	2,030,435	100.29%	-	2,030,435	100.29%
2009	2,099,098	2,114,229	100.72%	-	2,114,229	100.72%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities					Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Electric Bonds	Water Bonds	Sewer Bonds	Gas Bonds				
2000	\$ 2,915,000	\$ 860,000	\$ 1,085,000	\$ 905,000	\$ -	\$ 5,765,000	\$	1,167	
2001	2,905,000	585,000	985,000	775,000	-	5,250,000		939	
2002	3,105,000	300,000	880,000	1,640,000	-	5,925,000		1,060	
2003	3,910,000	-	775,000	1,500,000	-	6,185,000		1,107	
2004	4,155,000	2,120,000	2,810,000	1,340,000	1,660,000	12,085,000		2,162	
2005	7,470,000	2,005,000	2,670,000	1,170,000	1,580,000	14,895,000	494.14%	2,665	
2006	8,160,000	1,885,000	2,525,000	1,000,000	1,500,000	15,070,000	499.95%	2,696	
2007	7,830,000	2,865,000	2,375,000	910,000	1,415,000	15,395,000	510.73%	2,755	
2008	8,610,000	2,745,000	2,220,000	815,000	1,330,000	15,720,000	521.51%	2,813	
2009	7,785,000	2,560,000	2,060,000	715,000	1,240,000	14,360,000	476.40%	2,569	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on page 94 for personal income and population data.

City of Orange City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Less: Amounts</u> <u>Available in Debt</u> <u>Service Fund</u>	<u>Total</u>	<u>Percentage of</u> <u>Estimated</u> <u>Actual Taxable</u> <u>Value of</u> <u>Property</u>	<u>Per</u> <u>Capita</u>
2000	\$ 2,915,000	\$ 43,236	\$ 2,871,764	1.77	\$ 581
2001	2,905,000	52,136	2,852,864	1.70	510.44
2002	3,105,000	69,792	3,035,208	1.76	543.07
2003	3,910,000	86,413	3,823,587	2.04	684.13
2004	4,155,000	51,637	4,103,363	2.07	734.19
2005	7,470,000	34,407	7,435,593	3.47	1,330.40
2006	8,160,000	21,201	8,138,799	3.72	1,456.22
2007	7,830,000	24,606	7,805,394	3.26	1,396.56
2008	8,610,000	47,569	8,562,431	3.31	1,458.18
2009	7,785,000	49,021	7,735,979	2.80	1,384.14

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Population data can be found in the Schedule of Demographic and Economic Statistics.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

City of Orange City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: School District	\$ -	100.00%	\$ -
Debt repaid with property taxes; Sioux County	9,500,000	14.51%	1,378,450
Subtotal, overlapping debt			<u>\$ 1,378,450</u>
City of Orange City direct debt			<u>7,785,000</u>
Total direct and overlapping debt			<u><u>\$ 9,163,450</u></u>

Sources: Debt outstanding data provided by the school and Sioux County Auditor Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Orange City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

City of Orange City
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 8,106,089	\$ 8,414,337	\$ 8,654,875	\$ 9,425,888	\$ 9,882,991	\$ 10,712,746	\$ 11,071,244	\$ 12,193,959	\$ 12,662,759	\$ 13,817,547
Total net debt applicable to limit	2,861,764	2,852,864	3,035,208	3,823,587	4,127,291	7,435,593	8,128,733	7,805,394	8,562,431	7,735,979
Legal debt margin	<u>\$ 5,244,325</u>	<u>\$ 5,561,473</u>	<u>\$ 5,619,667</u>	<u>\$ 5,602,301</u>	<u>\$ 5,755,700</u>	<u>\$ 3,277,153</u>	<u>\$ 2,942,511</u>	<u>\$ 4,388,565</u>	<u>\$ 4,100,328</u>	<u>\$ 6,081,568</u>
Total net debt applicable to the limit as a percentage of debt limit	35.30%	33.90%	35.07%	40.56%	41.76%	46.28%	69.41%	73.42%	73.42%	67.62%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 276,350,930
Add back: exempt real property	-
Total assessed value	<u>276,350,930</u>
Debt limit (5% of total assessed value)	13,817,547
Debt applicable to limit:	
General obligation bonds	7,785,000
Less: Amount set aside for repayment of general obligation debt	(49,021)
Total net debt applicable to limit	<u>7,735,979</u>
Legal debt margin	<u>\$ 6,081,568</u>

Note: Under state finance law, the City of Orange City's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Electric Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2000	3,635,445	2,850,215	785,230	260,000	42,388	2.60
2001	3,876,350	3,032,551	843,799	275,000	31,149	2.76
2002	4,015,734	3,217,049	798,685	285,000	21,933	2.60
2003	4,331,927	3,387,989	943,938	300,000	6,360	3.08
2004	4,610,432	3,548,978	1,061,454	-	54,302	19.55
2005	4,664,357	3,673,367	990,990	115,000	71,539	5.31
2006	5,198,997	4,119,213	1,079,784	120,000	69,598	5.70
2007	5,526,151	4,458,342	1,067,809	120,000	67,228	5.70
2008	6,099,521	4,924,582	1,174,939	120,000	113,070	5.04
2009	6,694,451	5,431,989	1,262,462	185,000	109,828	4.28

<u>Fiscal Year</u>	<u>Water Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2000	704,782	317,028	387,754	95,000	53,755	2.61
2001	644,716	391,896	252,820	100,000	49,271	1.69
2002	669,022	379,238	289,784	105,000	44,129	1.94
2003	698,186	367,933	330,253	105,000	39,129	2.29
2004	739,503	344,796	394,707	115,000	18,655	2.95
2005	791,769	365,148	426,621	140,000	106,136	1.73
2006	899,840	403,089	496,751	145,000	103,638	2.00
2007	879,053	412,036	467,017	150,000	100,573	1.86
2008	836,792	436,143	400,649	155,000	98,444	1.58
2009	849,428	434,916	414,512	160,000	93,700	1.63

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2000	514,048	267,632	246,416	125,000	58,390	1.34
2001	534,232	193,088	341,144	130,000	51,890	1.88
2002	639,941	201,980	437,961	135,000	87,819	1.97
2003	644,207	238,419	405,788	155,000	81,103	1.72
2004	768,692	224,702	543,990	160,000	64,438	2.42
2005	564,290	247,456	316,834	170,000	60,038	1.38
2006	593,671	253,267	340,404	170,000	54,853	1.51
2007	578,003	268,559	309,444	90,000	49,243	2.22
2008	566,841	272,846	293,995	95,000	46,120	2.08
2009	653,684	272,149	381,535	10,000	41,567	7.40

<u>Fiscal Year</u>	<u>Gas Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	2,432,713	2,180,805	251,908	-	46,133	5.46
2004	3,079,659	2,746,305	333,354	115,000	84,730	1.67
2005	3,337,962	3,124,186	213,776	80,000	71,455	1.41
2006	4,637,573	4,368,962	268,611	80,000	61,898	1.89
2007	4,241,273	3,974,228	267,045	85,000	60,138	1.84
2008	4,579,950	4,231,917	348,033	85,000	62,632	2.36
2009	3,990,079	3,628,756	361,323	90,000	57,548	2.45

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Principal Employers
June 30, 2009

	2009			2006		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Advance Brands	475	1	8.09%	600	1	10.74%
Staples Inc.	400	3	6.81%	350	4	6.26%
Diamond Vogel Paints	350	4	5.96%	375	3	6.71%
EZ Liner Industrial	40	9	0.68%	50	8	0.89%
Med-Tec Inc.	75	6	1.28%	100	6	1.79%
Northwestern College	187	5	3.18%	187	5	3.35%
Orange City Health System	500	2	8.51%	460	2	8.23%
Revival Animal Health	60	7	1.02%	60	7	1.07%
Tec Industries/Quatro	60	10	1.02%	40	9	0.72%
Silent Drive	35	8	0.60%	30	10	0.54%
Total	<u>2,182</u>		37.16%	<u>2,252</u>		40.29%

Note: Source for this data was obtained from Iowa Workforce Development

Note: Information not available prior to 2006

City of Orange City
Full-Time Equilvalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	8	9	9	9	9	9	9	9	9	9
Public Safety										
Police Officers	6	7	7	7	7	7	7	7	7	7
Highways and streets	3	3	3	3	3	3	3	3	3	3
Culture and recreation	2	2	2	2	2	2	3	3	3	3
Library	5	5	5	5	5	5	5	5	5	5
Electric	5	5	5	5	5	5	5	5	5	5
Water	2	2	2	2	2	2	2	2	2	2
Sewer	1	1	1	1	1	1	1	1	1	1
Gas	2	2	2	2	2	2	2	2	2	2
Total	34	36	36	36	36	36	37	37	37	37

City of Orange City
Operating Indicators by Function/Program
June 30, 2009

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government				
Zoning Permits Issued	106	66	97	79
Police				
Physical Arrests	96	102	126	93
Parking Violations	246	239	310	240
Traffic Violations	373	355	384	284
Fire				
Emergency Responses	48	51	56	49
Fires Extinguished	13	8	7	6
Refuse Collection				
Refuse collected (tons per day)	8	8	8	9
Recyclables collected (tons per day)	0.6	1	1	1
Parks & Recreation				
Pool Passes Issued (Budget Pass)	205	130	114	113
Pool Passes Issued (Individual Pass)	88	73	75	53
Pool Passes Issued (Family Pass)	250	276	302	74
Pool Passes Issued (Senior Pass)	11	10	10	4
Library				
Volumes in collection	63,895	63,905	63,905	63,905
Total volumes borrowed	228,650	226,250	226,250	226,250
Water				
New connections	28	20	8	5
Water main breaks	2	3	2	1
Average daily consumption (thousands of gallons)	1,005	953	916	887
Peak daily consumption (thousands of gallons)	1,900	2,028	2,028	1,700
Wastewater				
Average daily sewage treatment (thousands of gallons)	1,000	950	913	884

Sources: Various city departments.

Note: GASB 44 implemented in 2006 and therefore only 4 years presented.

City of Orange City
Capital Asset Statistics by Function/Program
Last Four Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police				
Stations	1	1	1	1
Patrol Units	4	4	4	4
Fire Station	1	1	1	1
Other Public Works				
Streets (miles)	46	47	47	47
Streetlights	958	961	985	889
Traffic Signals	2	2	2	2
Parks and recreation				
Aceage	223	223	230	230
Playgrounds	4	4	4	5
Baseball/softball diamonds	2	2	2	2
Soccer/football fields	4	4	4	4
Community Center	1	1	1	1
Water				
Water Mains (miles)	45	47	47	47
Fire Hydrants	275	275	282	282
Storage capacity (thousands of gallons)	950	950	950	950
Wastewater				
Sanitary Sewers (miles)	41	41	41	41
Storm Sewer (miles)	19	19	19	19
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	3,000

Sources: Various city departments

Note: GASB 44 implemented in 2006 and therefore only 4 years presented.

**City of Orange City
Demographic and Economic Statistics**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	5,589	30,143	17,413	27.9	13	999	2.6%
2006	5,589	30,143	17,413	27.9	13	999	2.6%
2007	5,589	30,143	17,413	27.9	13	999	2.6%
2008	5,872	30,143	17,413	27.9	13	1950	2.3%
2009	5,872	30,143	22,142	28.5	16	1940	3.9%

Sources: Population, median age, and educational level information provided by the United States Census Bureau. School enrollment data provided by the Orange City school districts.

Note: Personal Income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Note: GASB 44 implemented in 2005 and therefore only 5 years presented.



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Orange City, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ORANGE CITY, IOWA as of and for the year ended June 30, 2009, which collectively comprise the City of Orange City, Iowa's basic financial statements, and have issued our report thereon dated December 23, 2009. We did not audit the financial statements of the Orange City Municipal Hospital, a discretely presented component unit, which statements reflect total assets of \$53,972,657 and total operating revenues of \$34,585,780 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on these financial statements, insofar as it relates to the amounts included for the Orange City Municipal Hospital, was based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal

control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item II-A-09 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's response, we did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Orange City, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 23, 2009

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2009

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.
There were no prior year audit findings.

SIGNIFICANT DEFICIENCIES:

II-A-09 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting

III-A-09 - Certified Budget – City expenditures during the year ended June 30, 2009, exceeded amounts budgeted in the community and economic development and capital project functions.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

III-B-09 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2009

Part III: Other Findings Related to Required Statutory Reporting - (Continued)

- III-C-09 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- III-D-09 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-09 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-09 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-09 - Business Transactions - There were no business transactions between the City and City officials or employees during the year ended June 30, 2009.
- III-H-09 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-09 - Business Transactions - Business transactions between the City and city officials are detailed as follows:

Name, Title and Business Connection	Transaction/ Description	Amount
Teresa Jasper, part-time employee of the City Owner of Country Colors	Retailer	\$ 4,419
Bruce Muilenburg, City Council Member Owner of De Koffiehoek & Bistro	Retailer	\$ 966

The transaction with Bruce Muilenburg does not represent a conflict of interest. The transaction with Teresa Jasper may represent a conflict of interest due to the amount of the transactions. The City should consult legal council for determination.